



The Uncertain States
'The US has a health problem - and it has nothing to do with Clinton's wounded knee'

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Enfant provocateur
'An interest only in business, as an interest only in oneself, is dangerous'

Page III

<http://www.FT.com>

French jobless at new high

By David Owen in Paris

Unemployment in France hit a postwar record of 12.8 per cent in February, increasing pressure on the country's centre-right government.

The social tensions provoked by high unemployment have provided a potent rallying point for opposition forces on both the left and the right. The National Front, in particular, is expected to try to exploit the issue at its triennial conference in Strasbourg this weekend.

Yesterday's figures came as junior hospital doctors said they would continue a 16-day strike over a government cost control plan, in spite of progress in talks with Mr Jacques Barrot, social affairs minister. Meanwhile, Easter holiday travellers were facing disruption because of industrial action at Orly airport in Paris.

Combined with weaker-than-expected industrial output data for January, the figures underlined the fragility of the country's economic recovery.

The government is relying on faster growth to help reduce its budget deficit to qualify for the proposed single European currency. Its current prediction is for 1997 growth of 2.3 per cent, up from 1.3 per cent last year.

The number of unemployed, based on International Labour Organisation criteria, edged up from 3.27m to 4.28m, lifting the total from 12.7 to 12.8 per cent.

By contrast, figures from the French labour ministry, which are calculated differently, showed the number of people out of work, seasonally adjusted, declining by 7,500 to 3.08m.

Mr Alain Juppé, the prime minister, sought to put a positive gloss on the figures, saying unemployment had stabilised and highlighting the fifth consecutive monthly fall in the number of people under 25 out of work. "The French economy is beginning once again to create jobs, although not enough to bring down unemployment significantly," he said.

The pro-Communist CGT trade union warned that the situation would deteriorate further in coming months, as job losses from factory closures took effect and this year's school-leavers joined the labour market.

The government, which says it has made job creation a priority, is under pressure to reduce unemployment before parliamentary elections in March 1998.

The industrial output data showed production falling 1.3 per cent in January, after a 0.9 per cent improvement the previous month.

The negative message was further underlined by the latest monthly industrial survey published by Insee, the national statistics institute. This showed a deterioration in business confidence in March.

Passions stirred, Page 2

Shanghai businessman in pigeon coup

By James Harding in Shanghai

How lofty ambitions in China came down to earth

When Billy Liu was three, his family fled Shanghai as the Communists took over the city, leaving behind a luxurious mansion, a string of waterfront properties, a profitable paper business and a lot of pigeons.

An inherited passion for the birds and an eye for a business opportunity brought Mr Liu back to the now rapaciously capitalist city of his birth 50 years later.

Along with many businessmen investing in China, he found the market potential irresistible. But, like other sectors of the country's fledgling free market economy, pigeon racing proved a cut-throat business

that left him disillusioned and out of pocket.

"I am a foreigner in Shanghai and don't understand the local way of doing things," he says.

China's rulers used pigeons as couriers for centuries, and racing in the western style was introduced in 1928. Now nearly 8m newborn pigeons are tagged every year.

But prizes in events run by the state Pigeon Racing Federation are paltry, leaving a gap for big-money prize events.

Mr Liu set up a joint venture with local partners - Shanghai Asian Racing Pigeon - which won the

exclusive rights to run commercial pigeon races in China.

Fanciers, as the bird breeders are known, pay to send their month-old pigeons - "squeakers" - to a large loft just outside Shanghai, where they are looked after for six months until race day, when they are driven to a release point in the Chinese countryside to race back to the Shanghai loft.

Winners earn between \$5,000 and \$20,000, and in the auctions the following day champions - which, like racehorses, have a stud value - can fetch up to \$15,000.

In China, where state races offer prizes of an average of Yuan2,000 (\$341), Mr Liu believed Shanghai Asian Racing Pigeon was a very lucrative proposition. Unfortunately, he says, his Chinese partner, Mr Zhang Mengqi, thought the same. "He wanted to control the business and appointed his friends and family into all the key positions. He betrayed me."

Mr Xu Liang, now chairman of the company and brother-in-law of Mr Zhang, the general manager, says Shanghai Asian Racing Pigeon needed \$300,000 to get off the ground. When Mr Liu did not produce the money, Mr Xu, who made his fortune in Shanghai real estate, did.

"It is not a question of who is reliable. In China, things are very realistic. The money is the most important thing. I took the money out of my own pocket," Mr Xu says. Anyway, he continues, Mr Liu would not have been able to secure the licence: "A foreigner wouldn't get authorised. He would not have the 'guanxi' (contacts)."

Mr Liu has pulled out of the business, written off his sizeable initial investment and is trying to put the venture behind him. "My name is ruined in pigeon racing circles," he says. "Many joint ventures go this way, you know. We just can't trust each other."



Thousands of Christians from all over the world gathered yesterday in Jerusalem to witness and participate in the Good Friday procession and other events marking the death and resurrection of Jesus Christ

Belgacom outlines early retirements

By Neil Buckley in Brussels

Up to half the 25,000 employees of Belgacom, Belgium's partly-privatised telecoms monopoly, are to be offered early retirement or internal job moves in a sign of the likely turbulence when the European Union telecoms industry is opened to competition next year.

The group is offering 6,500 workers over 50 voluntary retirement, and plans to retrain and redeploy between 4,000 and 6,000 more.

Insiders warn that if Belgacom's share of its domestic market falls by more than expected after liberalisation next year, compulsory lay-offs cannot be excluded, but Mr John Goossens, Belgacom's chief executive, insists he will do everything possible to avoid that.

The company hopes to transfer about 1,300 people by 2000 into a new security subsidiary offering installation and monitoring of alarms linked to Belgacom's network, and security guard services. Other employees will be redeployed in functions currently outsourced. Belgacom's plan may be the first in a wave of job losses as telecoms monopolies get into shape for liberalisation of the EU market on January 1 1998, followed by liberalisation of 70 markets worldwide under a World Trade Organisation agreement.

Belgacom is one of Europe's less efficient operators and heavy job losses had been expected since a consortium of Ameritech of the US, Tele Danmark and Singapore Telecom took a 49.9 per cent stake in 1995 for \$Bfr73.3bn (then \$2.57bn). The government retains a majority stake.

News General

Yeltsin promises reforms

Russian president Boris Yeltsin promised to address the grave social problems stirred by millions of protesters across the country this week. The government announced plans to pursue a host of micro-economic reforms to encourage industrial restructuring, strengthen shareholder rights and upgrade managerial skills and accounting practices. But Communist party leader Gennady Zyuganov said the demonstrations showed the people rejected the current course of economic reform and the composition of the government. Page 2

Japan ends ban on grant aid to China Japan ended a two-year ban on official grant aid to China in an attempt to improve relations. Tokyo suspended the aid, a small but symbolic part of its government assistance to China, in protest against nuclear weapons tests. Japanese foreign minister Yukihiko Ikeda will pass on the cabinet decision today at the start of a two-day visit to China. Page 3

Arab calls for pressure on Israeli Palestinian Authority president Yasser Arafat called on Arab and Muslim countries to force Israel to stop building Jewish settlements in and around Arab east Jerusalem. US Middle East peace envoy Dennis Ross met Israeli prime minister Benjamin Netanyahu and was preparing last night to return to Washington to brief US president Bill Clinton. Page 3

Pakistan cuts import tariffs to boost economy Pakistan cut import tariffs and a general sales tax and reduced personal and corporate income taxes in an effort to revive its economy and strengthen relations with the International Monetary Fund. Finance Minister Siraj Aziz said: "Our overriding objective is to revitalise the economy and in particular the industrial sector." Page 3

Man in the News

The Dalai Lama

Tibet's spiritual leader has upset Beijing this week with his first visit to Taiwan. In the 40 years since he fled his country after a failed uprising against Chinese rule, the "God-king" has been an effective spokesman for his people. But China continues to resist his demands for increased autonomy for Tibet - despite the precedent set for Hong Kong. See page 7



News Business

Bre-X records demanded

The Ontario Securities Commission asked to see all share trading records relating to Canadian exploration company Bre-X Minerals. Bre-X discovered the Bingham gold site in Indonesia, thought to be the world's largest but later shown to contain insignificant amounts of gold. Bre-X shares fell \$13 to C\$3.50 on Thursday, cutting the company's market value by C\$3.12bn (US\$2.27bn). Page 23; Crumbled to dust, Page 6; World stocks, Page 19; Lex, Page 24

Suez-Lyonnaisse merger talks confirmed French holding company Suez and utilities and communications group Lyonnaisse des Eaux confirmed they were holding merger talks. A combined group, in which Suez would probably be absorbed by Lyonnaisse, would create a significant shake-up in the European utilities sector. Page 24

Footsie ends shortened week firmly but US shares slip Shares on the London market ended the shortened holiday week firmly on Thursday. The FTSE 100 index, which began the week on a bleak note only to rally strongly on Tuesday and Wednesday, finished the day 114 points up at 4,312.9, 58.1 points ahead on the week. US share prices slipped sharply lower on Thursday as the yield on the benchmark 30-year Treasury rose over the 7 per cent mark for the first time since September. By the close the Dow Jones Industrial Average had fallen 140.11 points to 6,740.58, its lowest level since January. World stocks, Page 19; London stocks, Page 20; Markets, Weekend FT Page XXII

LucasVarity plans buy-backs Anglo-US engineering group LucasVarity plans to become the first UK-quoted company to abandon dividend payments in favour of a rolling programme of share buy-backs. The company, formed by last year's \$3.2bn (\$5.1bn) merger of Lucas Industries and Varity Corporation of the US, believes buy-backs are fairer than dividends for most shareholders because there is no additional benefit to tax-exempt pension funds. Page 24

Formula One row could delay flotation A dispute over Formula One prize money and television royalty revenues involving the leading teams and motor racing's governing body, the Fédération Internationale de l'Automobile, could delay proposals to float Formula One on the New York and London stock markets. Page 21

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NEWS: INTERNATIONAL

Belarus eurobond plan tests realms of credibility

By Matthew Kaminski in Kiev

In a week when citizens demonstrating for greater democracy were beaten, a US diplomat expelled and foreign journalists muffled, Belarus has announced it wants to issue a eurobond.

The former Soviet republic, which had all lending by the International Monetary Fund and the World Bank broken off last year, plans to approach capital markets with a debt issue of unspecified size next year.

"I guess anyone can do it nowadays," said Mr Dirk Damrau, head of research at Renaissance Capital in Moscow. "The market for wacky and off-beat issuance has increased a hundred-fold in just the last few years. But you've got to draw the line somewhere."

Russia, Kazakhstan and Moldova have already issued eurobonds and several regions within Russia and other former Soviet republics are planning debt issues. But on any risk criteria, Belarus looks an unlikely bet for a sovereign issue.

President Alexander Lukashenko, a 42-year-old former Soviet farm boss, threw out international donors who lobbied for market reforms and last year instituted foreign exchange controls and cracked down on private banks.

With economic policies reminiscent of the Soviet era, the country experienced 13 per cent inflation in January alone. Mr Lukashenko won a confrontation with parliament in November and has replaced it with a puppet chamber and broadened his powers.

He is also lobbying for closer integration, perhaps union, with Russia.

Given the president's distaste for western ways, his support for a eurobond surprised some analysts and amused others.

"Albania would be the only one I'd laugh harder at," Mr Damrau said. "I don't think investors are that stupid. Maybe a Russian region it might be viable."

Mr Vyacheslav Kuparenko, head of the capital markets division at the finance ministry, said Belarus expected scepticism but viewed a eurobond as a cheaper way to plug its budget deficit.

"In principle our country is sovereign and we can do this," he said. "I'm not saying that Belarus would get a good credit rating or sell at the lowest possible interest rate."

As spreads on international emerging debt markets narrow, a eurobond from Belarus might help satiate the "developing appetite for high risk paper", an official from a credit ratings agency said.

A western banker said Belarus's low debt burden could help it secure a reasonable rating.

Russia claimed all Soviet assets and liabilities and Belarus had built up \$1bn in debt since 1991, mostly for energy imports. "Belarus never defaulted and no one has been crazy enough to lend to the country," the banker said.

However, the credit-agency official cautioned: "I wouldn't rule Belarus out; 1998 is a long, long time in emerging market politics."

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Reforms continue as millions demonstrate over wages and pensions

Yeltsin undeterred by protests

By John Thornhill in Moscow

President Boris Yeltsin yesterday promised that the Russian government would take "energetic and resolute" steps to address the social problems aired by millions of protesters across the country this week.

But Mr Gennady Zyuganov, Communist party leader, said the wave of protests showed the people rejected the course of economic reform and the composition of the government. He threatened to vote down

the government in parliament. Trade unions claimed 20m Russians participated in Thursday's demonstrations, called to protest against the late payment of wages and pensions.

The authorities suggested only 2m protesters had come out on to the streets, and praised the people's restraint.

Highlighting Mr Yeltsin's rediscovered reformist zeal, the government announced plans to pursue a host of micro-economic reforms to encourage industrial

restructuring, strengthen shareholder rights and upgrade managerial skills and accounting practices.

The government also announced it would withdraw state support from companies which failed to follow basic principles of corporate governance.

Mr Sergei Vasiliev, the deputy economics minister who has proved one of the most energetic reformers in the government, said such changes were needed if industry was to attract increased investment and promote growth in Russia's

recession-racked economy. "Potential investors do not know the real situation at companies - even the management does not necessarily know," he said, adding that a detailed industrial reform plan would be published within a month.

The government said 42 per cent of Russian industrial enterprises incurred losses in the first 10 months of 1996, compared with 35 per cent a year earlier.

But the lack of effective and enforceable bankruptcy procedures has meant many of these loss-making enter-

prises struggle on, failing to pay wages, commercial debts or taxes on time.

This has worsened the debt crisis plaguing Russian industry and contributed to the large shortfalls in government revenues.

Mr Vasiliev said a draft presidential decree would also be issued next month giving enterprises title over their land and creating an active market for non-agricultural land. Bankers suggest this could help companies raise additional capital by pledging land as collateral.

National Front stirs Strasbourg passions

David Buchan on the far-right party's decision to hold its congress in the Alsatian capital

Up to 50,000 people are expected to march in protest later today in Strasbourg against the opening in the city of a congress by the far-right National Front (FN), which is stepping up its drive to enter mainstream French politics.

An extra 1,500 police have been drafted in to the Alsatian capital to keep order during the congress. It will end on Monday with Mr Jean-Marie Le Pen, the FN's veteran leader, due to call on the French to make "the big change" and elect his party to parliament next year.

The party's congresses are held every three years. The latest comes shortly after the party captured a fourth town hall in southern France and follows recent controversy over legislation against illegal immigration.

Since its formation in 1972 the FN has held only one congress outside the Paris region. By holding the latest gathering in Strasbourg Mr Le Pen may have wanted to reward Alsace for giving him 25 per cent of its votes in the 1995 presidential contest, 10 points above his national score. But the decision of the anti-Maastricht treaty party to choose the city - home to the European parliament, the Council of Europe and of France's largest Jewish communities, and run by a Socialist mayor, Mrs Catherine Trautmann - borders on the provocative.

Saying the way to deal with the FN was "not to ban, but to fight it", Mrs Trautmann has helped orchestrate the protests.

This week, anti-FN and anti-racist organisations have been holding meetings and seminars in the city. At a writers' gathering on Thursday, Mr Salman Rushdie, the British author under an Iranian death threat for

his opinions, insisted on the freedom for Mr Le Pen "to express his evil opinions... and for writers to criticise them".

Yesterday a black flag flew briefly from Strasbourg cathedral and there was a symbolic "evacuation" of the city, reminiscent of the exodus in 1940. The Charlie Chaplin film *The Dictator* was also shown.

When the FN's 2,200 delegates travel this morning from their hotels to the Palais des Congrès (where the European Union in 1989

decided to launch the negotiations that ended in the Maastricht treaty), they will cross a road with "F as in Fascist, N as in Nazi" etched into the tarmac. After the delegates leave on Monday evening a symbolic "spring cleaning" is to take place in the square outside.

Mr Lionel Jospin and Mr Robert Hue, leaders of France's Socialist and Communist parties respectively, will take part in today's big rally.

But most in the governing centre-right coalition believe the demonstration will play into Mr Le Pen's hands, giving him yet more publicity and reinforcing his followers' martyr complex.

Mr Gilles de Robien, parliamentary leader of the UDF, part of the government coalition, said this week "the political class should get a grip on itself and the press should put up a wall of silence".

According to an Ipsos poll in yesterday's *Le Point* magazine, the FN would still fail to win any seats in elections to the National Assembly in 1998.

However, many analysts believe the party could at least be a spoiling factor in some 100 constituencies, generally to the detriment of the conventional right.

Italian businesses hit at mini-budget

By Robert Graham in Rome

Italy's business community has pledged to stage a protest meeting against the government's mini-budget, unveiled this week.

Business leaders have joined the rightwing opposition in complaining that the financial package does little to help Italian chances of joining the first stage of the European single currency, due to begin in 1999.

The mini-budget is designed to reduce this year's public accounts by 0.8 per cent of gross domestic product and bring the deficit within the Maastricht treaty's target of 3 per cent of GDP. But economists have attacked the absence of structural adjustments and the reliance on accounting devices that will have to be paid for later.

The unprecedented protest meeting, called for April 10 by Confindustria, the industrialists' confederation, is a hostile gesture. Confindustria is concerned at the decision to proceed with plans obliging businesses to make advance tax payments on funds they have to pay leaving employees. The advance tax is due to raise L6,000bn (\$3.5bn) of the L15,500bn total in the mini-budget. The enforced payment will also apply in the 1998 budget.

The director-general of Confindustria, Mr Innocenzo Cipolletta, yesterday claimed: "This will help depress the economy and do nothing to improve the public accounts."

Other measures agreed by the government reflected the need to retain the support of hardliners in Reconstructed Communism. The latter refused to allow cuts in the pensions and welfare system - recognised as the one area where significant inroads can be made on the structural nature of public spending. The Party of the Democratic Left (PDS), the dominant partner in the government, was also reluctant to alienate its electorate ahead of key municipal elections next month.

These pressures influenced the decision to resort to accountancy devices. Some L2,600bn will come from a six-month freeze on "exit" payments made to public sector employees; L400bn from extending the amnesty period for repaying social security contributions; L500bn from a rise in postal tariffs; L1,300bn from cuts in ministerial budgets; and L4,500bn from banks accelerating payment of the income taxes they handle, alongside a speed-up in inheritance payments.

The government also arranged for an Easter sweetener; Eni, the partially privatised oil company, is to cut petrol prices by L50 a litre.

Italian growth slowed sharply to 0.7 per cent in 1996 from 2.9 per cent a year earlier, according to figures released yesterday.

Currencies, Page 8; World Stock Markets, Page 19

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Currencies, Page 8; World Stock Markets, Page 19

Portugal to boost sell-off programme

By Peter Wise in Lisbon

Portugal's Socialist government plans to raise Es800bn (\$4.7bn) in 1998-1999 from the privatisation of 17 companies, including TAP-Air Portugal, the national airline.

The sell-off programme unveiled by the finance ministry brings total estimated revenue from privatisation to more than Es1,700bn in the government's four-year term, due to end in October 1999.

The sale of holdings in TAP will probably take place next year. Preliminary talks are believed to be under way with, among others, Air France, Iberia, Alitalia and Swissair. The state is to remain an "important reference shareholder", but will consider giving up majority control. TAP is forecast to show a profit this year after an EU-backed rescue plan that involved an injection of state aid as a condition for staff cuts and restructuring.

Ana, airport operator, is also to be privatised next year, but air-traffic control will be split off and remain under state control. An independent authority to regulate the civil aviation sector will be created.

Others companies to be sold include Gaz de Portugal, a gas utility, the Viana do Castelo shipbuilding yard in northern Portugal, and EPAC, a grain marketing and distribution company that the government acknowledges is faced with

closure unless a buyer can be found.

Most revenue will come from the sale of further stakes in companies already in the process of privatisation. These include some of the country's biggest industrial companies such as Portucel (pulp and paper), Cimpor (cement), Petrolgal (oil), Tabagreira (tobacco) and Electricidade de Portugal.

Mr António Sousa Franco, finance minister, said privatisation would be decisive in reducing public debt. It was also aimed at making Portuguese industry more competitive and enlarging capital markets.

As part of the convergence plan for joining the single European currency, the government forecasts public debt will fall from 64 per cent of gross domestic product this year to 52.4 per cent in 2000.

The European Commission has asked Portugal to explain why the state has guaranteed new loans to Lisnave, Europe's biggest ship repairer, after the failure to implement an EU-approved restructuring plan involving Es17.7bn (\$104m) in state aid and Es43bn in compensation for moving shipyards.

It wants to know why the government gave guarantees at the end of 1996 for Lisnave to reschedule repayment of a loan of Es6bn and to cover an overdraft facility of Es3.5bn. These had enabled the company, which is 15 per cent state-owned, to stay in business.

INTERNATIONAL NEWS DIGEST

US economy grows 3.8%

The US economy grew at an annual rate of 3.8 per cent in the last three months of 1996, a slightly slower pace than previously reported but still likely to be considered too fast for non-inflationary comfort by policy makers.

Yesterday's report from the Commerce Department, which revised its previous estimate of 3.9 per cent growth in gross domestic product in the fourth quarter, came in the week that the Federal Reserve raised interest rates to cool inflationary pressures.

All the evidence from the first few months of 1997 suggests that the strong pace is being maintained and may require further action by the central bank in the next few months.

Fears of a further rate increase sparked a big sell-off on Wall Street on Thursday. The Dow Jones Industrial Average closed 140.11 points lower at 6,341.59, having been down 217 points at one stage.

The GDP report also revealed that profits before tax at US corporations increased by 0.2 per cent in the fourth quarter from the previous three months. After-tax profits rose by 1.5 per cent, following a decline of 1.4 per cent in the preceding quarter.

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Zairean rebels capture town

Zairean rebels were reported to have captured another town in Shaba province yesterday, a day after agreeing to talks with President Mobutu Sese Seko's shaky regime.

The reported fall of Kasenga means that Mr Laurent Kabila's rebels control about a quarter of Zaire, five months after starting the revolt in the east.

Kasenga is on Lake Mweru, 220km north-east of Lubumbashi, Zaire's second city and the centre of the country's reserves of copper, cobalt and precious metals.

Mr Kabila's and Mr Mobutu's delegates agreed at a summit on the crisis in Togo to hold the first negotiations between the two sides, probably in South Africa early next week.

Reuters, Lubumbashi

Party boost for Algerian poll

Algeria's Socialist Forces Front (FFS), the main secular opposition party, has announced that it will take part in the June 5 legislative elections. Mr Seddik Boudjellal, first secretary of the party, made it clear on Thursday he did not believe the elections offered a solution to the five-year Algerian war and said the party reserved the right to pull out of the campaign if it appeared to be manipulated.

The participation of one of the army-backed government's most outspoken critics will lend credibility to elections from which the Islamic Salvation Front (FIS), the party stripped of an election victory in 1992, is excluded. But FFS officials said yesterday their participation simply aimed to take advantage of the political opening allowed during the campaign period to put across their message of the need for dialogue.

The national assembly which will emerge from the elections will have very limited powers, following last November's amendment to the Algerian constitution. Despite this, however, an FFS boycott would have risked leading to the party's marginalisation on the political scene.

Roula Khalaf, London

Sarajevo power-sharing deal

Bosnian Muslim and Croat leaders have agreed on a power-sharing deal for Sarajevo's city government, paving the way for the election of a mayor for the Bosnian capital, state television has reported.

Sarajevo has had no mayor for more than a year because of months of political stalemate. International mediators have been calling on local leaders to put aside their differences over power-sharing and throw their support behind a prominent figure as mayor who could promote the city's reconstruction.

Sarajevo once had large Serb and Croat minorities but since the 1992-95 Bosnian war, the city is now predominantly Muslim. Croats are estimated to comprise less than 10 per cent of the city's post-war population. All but a few Serbs fled in the spring of 1996 when their suburbs reverted to Muslim-Croat federation control.

The argument over the structure of Sarajevo's city government has been one of many disputes to plague Bosnia's troubled Muslim-Croat federation. Croats suspect Muslim leaders of trying to dominate the federation, based on a larger share of the population. Muslims have accused Croats of plotting to annex Croat-controlled territory to neighbouring Croatia. A 1995 peace treaty preserved Bosnia as a single state comprising the federation and a Serb entity.

Reuters, Sarajevo

CIS summit 'a turning point'

A summit in Moscow of the 12 former Soviet republics making up the Commonwealth of Independent States (CIS) melted some of the ice between them yesterday but left the most pressing problems unresolved. Russia's President Boris Yeltsin, taking a firm lead after months of illness, said the three-hour summit had overcome doubts about the future of the grouping, which rose unstably from the ashes of the Soviet Union after its collapse in 1991. "Yes, the question really arose at our session, how can we move forward? Nevertheless, we later reached the common conclusion that the Commonwealth was necessary," said Mr Yeltsin.

He declared the summit a turning point and said that all the presidents had pledged to integrate their economies. The leaders also said they had agreed to extend the mandate of CIS peacekeeping troops in the central Asian state of Tajikistan to stop a four-year civil war flaring again. But there was no word on the future of Russian peacekeeping forces in the breakaway Georgian region of Abkhazia, which Tbilisi says must either do more or leave.

Reuters, Moscow

GM workers end strike

Workers at a US General Motors plant have approved a new contract, ending a two-week strike that disrupted production of the company's pickup trucks.

Eighty-five per cent of the United Auto Workers members at Fort Wayne, Indiana, who attended a meeting on Thursday voted for the agreement, said a union member.

Under the pact, GM agrees to bring in 276 more workers from its placement centre to ease the staffing shortage at the plant, which produces the full-size C/K series pickups, some of GM's best-selling vehicles.

AP, Fort Wayne

Rafsanjani going to Mecca

Iranian President Ali Akbar Hashemi Rafsanjani is expected to travel to Saudi Arabia next month to perform the haj pilgrimage to Mecca. Mr Mohammad Reza Nouri, Iran's ambassador to Riyadh, told the London-based newspaper Ashraf al-Awsat that it would be Mr Rafsanjani's first official visit to Saudi Arabia.

Analysts say Iran's desire to improve ties with Riyadh have been reflected by a softer tone used by the media and officials towards Saudi Arabia in the past few weeks. Riyadh has refused to confirm US media reports of an Iranian link to the June bombing which killed 19 US servicemen in the eastern Saudi city of Khobar, Iran, subject of sanctions from Washington - which accuses it of sponsoring state terrorism - denies any role.

Iran's foreign minister, Mr Ali Akbar Velayati, said his visit to Saudi Arabia earlier this month as part of a Gulf tour had opened up a new chapter in relations between Tehran and Riyadh.

Reuters, Dubai

ABN Amro hardens soft-drug stance

By Sander Thoones in Amsterdam

ABN Amro, the largest Dutch retail bank, has responded to growing international ire with the liberal Dutch attitude to drugs by slamming the door on soft-drug dealers.

In a letter to clients who run coffee shops, which tend to specialise in marijuana and hashish rather than coffee, the bank said it would no longer provide credit, mortgage accounts or other business services for such illegal activities.

"We are quitting," said Mr Theo van Dijk, spokesman for ABN Amro. "It's all getting too foggy."

The sale of cannabis is illegal in

the Netherlands, but sales of no more than five grammes of hashish or marijuana are tolerated by police and revenues are taxed.

"In the past there were grounds for doing it," Mr van Dijk said. "But the tolerance policy is getting tougher."

"That makes the bank's position less secure. We keep being forced to adjust to shifting views on what is money laundering."

Neighbouring countries, particularly France, insist there is no room in a united Europe for an alternative Dutch policy on drugs, as cannabis bought in the Netherlands can then be moved freely around the EU.

France has refused to implement fully the Schengen treaty removing internal border controls until the matter is resolved.

The Netherlands has responded to criticism with tougher limits on the amount of drugs that can be sold, more raids on coffee shops and highly publicised crackdowns on hard-drug smuggling, which has never been tolerated.

The Dutch population, too, is growing increasingly resentful of the side effects of their country's drug policy, such as a high petty-crime rate and an influx of foreign drug addicts.

The government has tried to com-

bat the laundering through Dutch banks of money from sales of hard drugs, for instance by requiring that all transfers of F125,000 (\$13,200) or more be reported. But the policy of tolerance has created a grey area resistant to police attempts to separate the big and small players.

ABN Amro's announcement left its competitors gloating, although newspaper reports suggested that some banks still dealt with coffee shops.

"ING Bank has had a policy for years not to deal with businesses that deal with drugs," said Mr Rob Vonk, ING's spokesman. "Tolerated is still illegal."

مكتبة المجلد

NEWS: INTERNATIONAL

Pakistan cuts taxes and import tariffs

By Farhan Bokhari
in Islamabad

Pakistan yesterday slashed its import tariffs, cut personal and corporate income taxes, and reduced a general sales tax, in a new effort to revive its economy and strengthen relations with the International Monetary Fund.

Mr Sartaj Aziz, finance minister, told the national assembly the import tariff would be cut from 65 per cent to a maximum 45 per

cent for all items except cars. General sales tax (GST) of 18 per cent was cut to 12.5 per cent, and income tax rates were reduced to a 5-30 per cent range, down from a 10-35 per cent range. Tax rates for public limited companies were cut from 33 per cent to 30 per cent.

The new rates will be enforced from July when the next financial year begins.

Although the announcements need to be approved by parliament, that appeared a mere formality.

The ruling Pakistan Muslim League (PML) has the following of almost 80 per cent of the MPs in the 217-seat lower house.

Mr Aziz also proposed a GST of 3 per cent at all retail outlets from July. At present, the tax is charged at the manufacturing stage when products leave factories, and there are no collections at the thousands of shops and larger selling points across the country. Food and medicines would remain exempt.

"Our overriding objective is to revitalise the economy and in particular the industrial sector," Mr Aziz said. Senior officials said the new incentives were part of an effort to strengthen the manufacturing sector, where growth is expected to fall below 3 per cent this year, down from an average of 6 per cent in the 1980s.

Yesterday's package followed last week's break with the IMF when it was confirmed that a \$631m standby loan accord had

ended prematurely because of Pakistan's failure to comply with its tough conditions, especially in cutting the budget deficit to 4 per cent of gross domestic product.

The government plans to use its latest incentives to make a plea for a medium-term structural adjustment loan.

Although it has still not been officially announced, some government officials believe that Mr Aziz may travel to Washington next

month to begin a fresh request.

Many business analysts welcomed yesterday's announcements, but some said the domestic markets might take several days before coming out with a clear reaction.

Ms Ayesha Muzaffar, analyst at James Capel's office in Islamabad, said: "The package should have a positive impact on reviving demand for industrial products and Pakistan's textiles should especially benefit."

INTERNATIONAL NEWS DIGEST

KL softens line on Singapore

Malaysia yesterday showed signs of retreating from its announcement earlier this week that it would freeze new dealings with Singapore and stop awarding contracts to Singaporean companies. Mr Anwar Ibrahim, deputy prime minister, said Malaysia wanted to normalise relations but it would take some time to "re-establish previous levels of confidence". Mr Ibrahim did not mention cabinet decisions this week to suspend governmental and political contacts and to stop awarding new contracts.

Since that cabinet meeting ministers have sought to stand back from their action, which depressed share prices in Singapore and caused turbulent trade in the Singapore dollar. Observers said the statements were meant to ease but maintain pressure on Singapore's leaders, whom Malaysia wants to show more contrition over derogatory remarks made by Mr Lee Kuan Yew, former Singapore prime minister, about a Malaysian state.

James Kyng, Kuala Lumpur

Thai exports increase

Thailand's exports grew in January for the first month since last June but imports were higher than expected, causing the trade and current account deficits to widen substantially, according to central bank figures. January exports grew 5.1 per cent year-on-year to Bt115.9bn (\$4.47bn), while imports rose 11.2 per cent year-on-year, resulting in a trade deficit 11.6 per cent higher than in the same period the previous year. The current account balance, though falling 17 per cent on a year-on-year basis, was 17.8 per cent higher than in December. The large import bill was due to businesses delaying purchases until tariff cuts took place at the beginning of this year.

Ted Bardacke, Bangkok

Australia intercepts aircraft

Australia yesterday ordered a cargo aircraft, believed to be carrying helicopter gunships and other military supplies to Papua New Guinea, to land at an air base in the Northern Territory. The Antonov-124 aircraft's cargo was thought to have been for the use of mercenaries hired to quell PNG secessionist rebels. A spokesman for Mr Ian McLachlan, federal defence minister, confirmed that the aircraft had been intercepted at the request of the PNG government.

Nikki Todd, Sydney

■ Israeli tycoon Saul Eilensberg, 76, who played a key role in establishing diplomatic ties between China and Israel in 1992, died in Beijing on Thursday night from a heart attack, Israeli sources said yesterday.

AFP, Beijing

Arafat calls for greater pressure on Israel

By Avi Mechelis in Jerusalem
and Reuters

Mr Yasser Arafat, president of the Palestinian Authority, yesterday called on Arab and Muslim countries to take steps to force Israel to stop building Jewish settlements in and around Arab east Jerusalem.

As Mr Dennis Ross, US Middle East peace envoy, ended his latest shuttle to save the peace process, the Mr Arafat's spokesman dismissed reports that Mr Arafat had made a new pledge to stop violence. "The president's and the Palestinian Authority's stand is clear on this issue and does not require to be reaffirmed," the spokesman said.

Mr Ross met Mr Benjamin Netanyahu, Israeli prime minister, yesterday and was preparing last night to return to Washington to brief President Bill Clinton.

Mr Netanyahu said Mr Arafat had assured Mr Ross he would crack down on "terrorism", Israel's central demand from the Palestinians. But, he added, Israel was waiting to see "clear, concrete action on the part of the Palestinian Authority" before renewing peace talks.

Mr Ross had met Mr Arafat in Rabat, where he was attending a special convention of the Islamic nations' Jerusalem Committee, which sharply criticised Israel's "expansionist policy" in east Jerusalem.

Israel's decision to go ahead with building the Har Homa settlement in east Jerusalem has provoked the days of unrest in the occupied West Bank. Israeli troops and Palestinians clashed again yesterday throughout the territories.

Last week a suicide bomber from Hamas, the Islamic resistance movement, blew himself up in a Tel Aviv restaurant and killed three Israeli women.

Palestinians rejected Israel's accusations that they were responsible for the current crisis. "Settlements and peace do not go together, and violence and peace do not go together," said Mr Saeb Erekat, chief Palestinian negotiator, after meeting Mr Ross. "But one actually leads to the other and that's the equation that must be understood."

Mr Erekat said Israel had officially suspended peace talks. The Israeli newspaper *Ma'ariv* yesterday published an opinion poll which indicated support for Mr Netanyahu among Israelis was eroding. It showed 54 per cent of Israelis were not satisfied "with the prime minister's performance in diplomatic affairs". Fifty-eight per cent favoured establishment of a "national unity government" with the opposition Labour party.

Japan resumes official grant aid to China

By William Dawkins in Tokyo

Japan yesterday ended a two-year ban on official grant aid to China in an attempt to improve strained relations.

Mr Yukihiko Ikeda, Japanese foreign minister, will pass on the cabinet decision to his Chinese counterpart, Mr Qian Qichen, today at the start of a two-day visit, the first by a Japanese minister since the death of Deng Xiaoping on February 19.

Japan suspended grant aid, a small but symbolic part of its total government assistance to China, in May 1995, in protest against the latest in a series of nuclear weapons tests. Chinese nuclear testing is especially offensive to the Japanese, victims of the only atomic bombs ever used against civilians, in Hiroshima and Nagasaki in 1945.

The Tokyo foreign ministry recommended resuming aid last autumn, in recognition of China's decision to stop testing and to sign the United Nations comprehensive nuclear test ban treaty. However, the ruling Liberal Democratic party needed time to discuss the matter, on which it is internally divided, and to choose a propitious moment.

As a first step, Mr Ikeda said yesterday he would offer ¥1.7bn (\$13.7m) for the

supply of medical equipment for the women and children of Nanjing.

Japan disbursed ¥7bn in grants, mainly for medical, educational and humanitarian needs, to China in the 12 months to March 1995, the final year before aid was cut off. That is tiny compared with Japanese government soft loans, mainly for infrastructure, of ¥140bn (\$1.13bn) in the year to last March, which was unaffected by the nuclear dispute.

Mr Ikeda also plans to discuss China's bid to join the World Trade Organisation. The Tokyo government eagerly supports accession, as a way to anchor China politically to the international community and to protect Japan's fast-growing private sector investments there.

This weekend's agenda includes a new treaty to set exclusive fishing rights within a 200-mile coastal zone. This is complicated by an unresolved dispute over the ownership of a group of Japanese held islands in the East China Sea, known as Senkaku in Japanese or Diaoyu in Chinese. Mr Ikeda also seeks progress over plans to destroy chemical weapons left by the Japanese imperial army in China at the end of the second world war.

Deregulation moves approved

By William Dawkins

The Japanese cabinet yesterday gave its blessing to a wide-ranging package of nearly 3,000 economic and financial deregulation measures and called on government ministries to come up with implementation plans by September.

Many measures have been under discussion for years, or are already scheduled for implementation, but the 2,822-point plan also lists 890 new ideas, mainly relating to financial services and the property market.

The government will on Monday announce more details of plans to promote the property market, including higher building plot ratios and a possible cut in taxes on the sale of securitised property loans.

Private sector economists were sceptical whether this latest in a series of deregulation schemes would really hasten the reduction of official barriers to business.

The government is committed to ending controls on fees for all kinds of financial transactions and scrapping barriers between banks, stockbrokers and insurance companies by 2001. A time-

table for the liberalisation of stockbroking commissions will be issued in June.

The most important new financial measure in the plan would enable establishment of special purpose financial companies to trade in investment trusts and asset-backed securities, said Mr Hiroshi Mitsuoka, finance minister. The government is also considering ending a ban on share options.

■ The Japanese labour market strengthened slightly in February, but not enough to cut unemployment from the 3.5 per cent rate at which it has stagnated for the past few months.

Within the total, the number of people in work rose by 1.9 per cent, the biggest jump for five years, according to official data yesterday. But this had no impact on the overall jobless rate because the size of the workforce rose by exactly the same proportion, mainly because of an increase in people seeking work.

In another sign of the general weakness of recovery, industrial production fell by 3.4 per cent in February, after a 5.6 per cent rise in January.



HANBO'S CHAIRMAN ARRESTED

South Korean prosecutors yesterday arrested the chairman of the stricken Hanbo Group whose steelmaking flagship collapsed in January, a prosecution official said. Reuter reports from Seoul.

"Mr Chung Bo-keun (on the left in the picture) was arrested and taken to the Youngdangpo prison," he said. Mr Chung was held after being questioned at the prosecutors' office. Prosecutors have accused Mr Chung of pocketing about Won37bn (\$42m) from Hanbo Group funds. Hanbo, with 22 affiliate companies, is South Korea's 14th largest industrial conglomerate.

Mr Chung's father, Hanbo founder Chung Tae-soo, is already standing trial with nine others in connection with the Hanbo loans scandal that has rocked the nation. Hanbo Steel defaulted on debt repayments after racking up \$5.8bn in largely unsecured loans.

WEEKEND FT
how to spend it

How are men keeping their chins up in the face of ageism and stress in the workplace? Why is the professional woman profligate if her suit costs as much as a man's? Why are millionaire mariners trading in their sleek super yachts for salvage tugs, icebreakers and other incredible hulks? And is that Greek urn on your mantelpiece proof that you are a discerning collector or a collaborator in the looting of historical sites?

Find out in the monthly *how to spend it* magazine, free with the Weekend FT on Saturday, April 5.

Malaysia announces moves to restrict speculation

Malaysia announced what it described as "pre-emptive" measures yesterday against property and share speculation, capping leading to selected types of property developments and to stock market investors.

James Kyng in Kuala Lumpur.

Mr Ahmad Mohamad Don, the central bank governor, said they were essential to ensure that asset inflation did not upset the country's sparkling record of economic growth. A property glut predicted from late this year or in 1998 has raised concerns that Malaysia could encounter some of the financial problems currently afflicting Thailand.

Economists saw the new restrictions as mild. Although sentiment on the stock and property market may be slightly depressed in the short term, the measures should be regarded as healthy for the long-term development of both markets, they said.

From April 1, loans by commercial banks and finance houses for the purchase of

stocks or units in unit trusts may not amount to more than 15 per cent of total lending. Merchant banks cannot disburse over 30 per cent of their total loans for these purposes. Lending to property developments - apart from infrastructure projects, industrial buildings and lower-cost housing - is to be capped at 20 per cent of total bank lending from April 1. Bank Negara, the central bank, said. Lending for stock market investments was 14.4 per cent of total lending last year, and loans for the types of property deals specified by the central bank was 21 per cent of total loans.

It forecast gross domestic product would grow this year at 7.8-8.2 per cent, compared with an actual 8.3 per cent last year and 9.5 per cent in 1996.

It also said that the deficit in the current account, which measures trade in goods and services, fell in 1996 to M\$13bn (US\$5.24bn) from M\$18.7bn the year earlier.

NEWS: UK

Price guide downgrades used auto values as survey shows many dealers refuse trade-ins

Daewoo under fire from motor trade

By John Griffiths in London

Daewoo, the Korean carmaker that ignored conventional dealers to set up its own sales network in the UK two years ago, is coming under threat from an increasingly hostile motor trade.

Values of used Daewoo models have been downgraded by up to 10 per cent by Glass's Guide which is one of the two arbiters of used car selling prices in the UK. The downgrading coincides with trade press reports that dealers have been reluctant to take Daewoo models as trade-ins.

Glass's took the unusual step of announcing the downgrading, declaring that Daewoo had become

Ford may abandon plans to build a Ford Escort-based "multi-activity vehicle" at its Halewood plant near Liverpool in north-west England, starting in 2000, if the market for such vehicles looks too crowded when a final decision on the project is taken in mid-1998, John Griffiths writes.

But even if the MAV is cancelled because of the rapidly growing number of rival models, an alternative vehicle will be found to preserve jobs at the

"doubtful stock", mainly because of their unacceptability to the trade.

Daewoo's 40,000 registrations since April 1995, have made it by far the fastest-growing import franchise on record. It is contesting the validity of both the downgrading and a survey claiming that four out of five deal-

ers refuse to take Daewoo as trade-ins. Daewoo's presence has been controversial from the start, not least because, as part of its sales package, buyers receive free servicing and repairs for three years, free collection and delivery at service time and a free replacement car, if needed,

while the car is serviced. The rest of the motor trade has been under pressure to provide a similar service, said Mr Ian Goswell, executive director of Dial, the car leasing subsidiary of Barclays bank. "That means lower margins and the trade appears not to like it," he said.

Justifying its downgrading, Mr Arnie Fenn, Glass's executive editor, said: "Until recently the Daewoo network had been willing to take back all its cars into stock to protect their value. Now these used cars are finding their way on to the open market with fairly disastrous results."

Daewoo has more than 160 outlets in the UK.

The traditional motor trade is very reluctant to handle Daewoo cars, borne out in a recent survey showing that 84 per cent of dealers will not touch a used Daewoo.

Glass's rival, the CAP "Black Book", has not singled out Daewoo, but it is also taking an increasingly cautious view of values.

The controversy has arisen since the start of this year, when Daewoo decided that its cars must start finding their own value in the marketplace.

The company said it was planning no direct action over the controversy, "but we are getting pretty upset at the negative stories".

Daewoo has more than 160 outlets in the UK.

Rejuvenated shipyard is back in the swim

Dutch owner plans further investment and expansion at the north-east's Swan Hunter

The Dutch businessman who rescued Swan Hunter just days before its demise is planning further multi-million pound investment in the rejuvenated shipyard and expansion to another site on the River Tyne.

Since Mr Jaap Kroese bought Swans' Wallsend yard in 1995 for £4m (£6.36m) from receivers Price Waterhouse, £8m has been invested there.

Later this year he starts a further £5m of upgrading to enhance its ability to win work in the fast-growing market for conversion of ships into floating production storage and offloading vessels, for use in offshore oil and gas fields.

Mr Kroese is also preparing to bid for the Port of Tyne - privatisation of which is now on hold until after the general election - in the belief he could improve the river for indus-

trial users. Part of his port privatisation business plan includes the proposed acquisition of another site on the Tyne for dismantling disused oil rigs and dredging the river so bigger ships can use it. He is being advised by the Port of Rotterdam.

Swan Hunter, together with Norwegian-owned Kvaerner, is also among short-listed bidders for the disposal of the redundant Brent Spar rig. Mr Kroese is involved in a joint venture with Luk Oil Kalingrad Mornetegaz, Russia's biggest oil exporter, which he hopes will take Swan Hunter into construction of small oilfield modules. Stanislaw Yudin, a Russian crane ship which is part of the joint venture, is working at Swans.

"Once you can set £1m aside, all the money you invest is no risk because your lifestyle will always remain the same," says Mr

Kroese, who made his fortune as operations director of Dutch-owned offshore industry specialist Heerema. "I think this yard has great potential."

In his first 18 months at Swans, Mr Kroese made about £2m pretax profit.

Since he bought it, Swans has completed a £4m contract to dismantle four platforms from the Conoco/BP Viking Alpha complex in the North Sea.

But its main workload has been the conversion of bulk carrier Solitaire into the world's biggest pipelaying vessel, a contract which has least in value from £50m to between £120m and £140m.

Swans won the contract from Solitaire's Swiss owner Alsea after the job ran into difficulties at a Singapore shipyard. Swans' work on Solitaire, which arrived in the Tyne last May, was expected to take 2m man-hours, since revised to 3m.



Jaap Kroese and the Solitaire, the yard's largest contract

The number of men working on the vessel peaked last month at 3,000; it is now 2,700. Mr Kroese expects at least 1,500 will continue until her completion around August.

The job's scale has delayed further yard refurbishment but he expects this high-profile contract to help the company as it bids, against Spanish, German and Dutch competition, for FPSO conversions.

Chris Tighe

Women graduates 'lose out on jobs'

By Andrew Bolger, Employment Correspondent

Women graduates are increasingly losing out to their male counterparts in the race for the best jobs and salaries on graduation - partly because men start looking for work much earlier, according to research by Barclays Bank.

Its survey found that while women graduates last year had an average starting salary of £11,749, (£15,690) men typically started on £13,660 - 16 per cent more than women. This compared with a salary difference between the sexes of 8 per cent among 1995 graduates.

Women are lagging behind in the pay stakes in spite of doing better academically at university. Of the 1,500 graduates surveyed, 64 per cent of the women gained upper second degree or first-class degrees, compared with only 55 per cent of the men.

Almost twice as many men as women were in graduate training schemes, which generally offer higher salaries - on average, £14,902. In contrast, more women took temporary jobs - 26 per cent, compared with 23 per cent the previous year - with average salaries of only £9,137. Women graduates also expected to be paid less in the future. When asked what they expected to be earning in five years' time, women estimated an average of £20,852. Men expected £25,119.

The survey suggested that an early start in the search for work was having an effect on graduates' short-term career success. Sixty per cent of those who were in the first job in their chosen career had started looking for work before Easter of their final year, compared with only 27 per cent of those in temporary jobs.

High-earning graduates started the search for employment earlier. More than 50 per cent of those earning over £20,000 had started job-hunting before their final year. However, 36 per cent of graduates left their job search until up to two months after their exams.

By Easter of their final year, 46 per cent of men had started looking for full-time employment, compared with only 38 per cent of women. Men applied for an average of 27 jobs, while women applied for 22.

Shareholder body may target poor performers

By John Gapper, Banking Editor

The California Public Employees' Retirement System, which is among the world's leading advocates of shareholder activism, is to consider publishing a target list of poor performers among UK companies in which it holds shares.

Calpers, which on Thursday published for the first time a set of corporate governance principles for the UK and France, said it was likely to consider in "a year or two" publishing "focus lists" of underperforming companies.

Calpers, which manages \$130bn in funds, publishes an annual list of 10 "focus companies" in the US which it tries to make implement corporate reforms. It says that such activism has brought the fund an extra \$150m in annual returns.

Ms Kayla Gillian, head of corporate governance, said that Calpers' guidelines for the UK and France were the first it had published outside the US. It is planning two similar initiatives in Germany and Japan this year.

Mr Charles Valdes, chairman of its investment committee, said that France "needs to begin meeting market expectations and requirements to continue to attract capital" from such investors, and need to improve disclosure.

Calpers' principles for the UK

■ Shareholders have a right and an obligation to exercise responsibilities as a corporate owner
■ Existing UK codes of best practice should be strengthened, not weakened
■ Best practice guidelines should be updated periodically, and review bodies should include non-UK investors
■ A company board's structure should be built on twin concepts of independence from management and accountability to corporate owners
■ UK governance practices should include elements to strengthen management's accountability to corporate shareholders

Ms Gillian said that Calpers wanted to build on efforts of local shareholders to guide the corporate governance of their companies, such as the Cadbury and Greenbury committees in Britain, and the Viñet committee in France.

She said Calpers would like itself or another international shareholders' group to

have a representative on the latest UK committee on corporate governance, which is being chaired by Sir Ronald Hampel, chairman of ICL.

In France, Calpers wanted elimination of cross-shareholding among industrial companies, which it believed

prevented other shareholders from influencing companies, and also wanted the breakdown of traditional takeover defences.

Calpers invests \$3.7bn in the UK and \$1.9bn in France, from a total overseas investment portfolio of \$23bn.

Apple faces grilling, Page 23
Lex, Page 24

Call for poll stand over sleaze

By John Kampfner and George Parker

The main opposition Labour party last night sought to keep the "sleaze" issue alive by withdrawing its general election candidate in Tattion, the parliamentary seat held by Mr Neil Hamilton, the Conservative MP at the centre of the "cash for questions" inquiry.

Senior aides of Mr Tony Blair said the Labour leader hoped that the Liberal Democrats, the second opposition party, would also stand aside, paving the way for a joint "anti-corruption, probity standards" candidate, preferably from outside politics for the election on May 1.

The move will reinforce pressure on Mr Hamilton to quit, even though senior Conservatives have defended him - in contrast to their criticism of Tories

accused of sexual misdemeanours. Mr Richard Branson, chairman of Virgin, who last week called on Mr Hamilton and other Tories facing allegations of financial impropriety to resign, immediately ruled himself out as a candidate.

The formal announcement of Labour's withdrawal from Tattion will be made this morning by Mr Jonathan Kelly, the party's candidate. Initial reaction from the Liberal Democrats was positive. Lord Howe, campaign chief, said: "The idea of a single anti-sleaze candidate is worth considering if Mr Hamilton remains as the Conservative candidate."

However, their local candidate, Mr Roger Barlow, suggested the move might be "a stunt" by Labour.

Labour officials made clear they would pursue their tactic even if the Liberal Democrats did not join

them. Mr Kelly would reinstate himself only if Mr Hamilton resigned before the April 14 deadline for registering candidates.

While expressing disdain about sleaze dominating the election agenda, to the detriment of issues such as education and health, Labour strategists are showing no compunction about massaging the news to keep the story running.

An adviser to Mr John Major, the prime minister, described Labour's move as "pathetic". Mr Hamilton was "innocent until proven guilty" and retained Mr Major's confidence "as long as his constituency association supports him", the official said.

With senior Tories increasingly exasperated by their inability to turn their fortunes around, two weeks into the campaign, one cabinet member urged Mr

Major or Mr Brian Mawhinney, the party chairman, to issue a statement setting out when MPs under a cloud should resign.

Conservative headquarters spent the day - the start of a long weekend on which they had hoped to draw breath before next week's manifesto launches - trying to contain damage from sexual allegations against Mr Piers Merchant, MP for Beckenham.

Mr Merchant went to ground late on Thursday, leaving party officials trying to make contact with him, urging him to step down. As if to emphasise their dire predicament, the Conservatives were also considering a new candidate to replace Mr Tim Smith in Beaconsfield. Mr Smith resigned last week over the "cash for questions" saga.

Philip Stephens, Page 7

UK NEWS DIGEST

BA staff accept pay freeze deal

British Airways ground services staff at Heathrow airport have accepted a two-year pay freeze in return for a promise from the airline to keep their 2,800 jobs.

The agreement, between British Airways and the TGWU transport workers' union, follows fears that jobs might have been lost in the £1bn (£1.5bn) efficiency drive British Airways launched last year with the aim of shedding 5,000 posts.

The company also announced plans to invest \$100m to improve services to passengers at John F Kennedy airport in New York and at nearby Newark airport.

● Air traffic controllers on Thursday introduced a new system for monitoring flights across the Atlantic which will allow aircraft to maintain vertical separation of 1,000ft from other aircraft instead of 2,000ft. This will permit more jets to fly at the most fuel-economical height of 33,000-37,000ft.

Suzanne Wapner

TELECOMMUNICATIONS

Watchdog warns on merger plan

Mr Don Cruickshank, the telecoms watchdog, would force British Telecommunications to maintain the quality of its UK service if he believed it was being jeopardised by the operator's overseas ambitions.

Mr Cruickshank said there was a small but real risk that the financial and managerial demands of Concorde BT's proposed merger with MCI of the US - together with its other international ventures, could prejudice the operator's ability to maintain its UK network and remain at the leading edge of innovation. He said BT "had to deliver", adding: "I have no reason to believe they will not be able to manage this effectively."

His opinion, in an Ofcom document, is designed to provoke a debate over issues at the heart of the globalisation of the modern industry. It raises questions about the extent to which a regulator should interfere with a regulated company's global business in the interests of local customers.

Alan Caw

HOUSING MARKET

Prices rise by 1.6%, says lender

House prices jumped by 1.6 per cent this month compared with February, the largest monthly increase for two years, according to Nationwide Building Society.

Britain's second-largest mutually-owned home loans and savings institution said that house prices had risen by 9.7 per cent in the last 12 months.

It said: "The sharp rise in prices recorded in March may exaggerate underlying trends. Nevertheless there is ample evidence that an extreme shortage of quality properties for sale, primarily in London and the south-east, is resulting in strong upward pressure on prices." Andrew Taylor

IRISH REPUBLICAN ARMY

Group admit double bomb attack

The Irish Republican Army yesterday admitted responsibility for this week's double bomb attack in Wiltshire, Cheshire, in northern England. The claim was made in a telephone message to the Dublin newsworld of RTE, the Irish Republic's broadcasting network. The bombs went off on track near Wiltshire rail station. No one was hurt.

WEEKEND BUSINESS

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NOTICE IS HEREBY GIVEN that, all of the outstanding Notes will be redeemed by the Issuer on April 30, 1997 (the "Optional Redemption Date"), pursuant to the Terms and Conditions of the Notes. The Issuer will redeem the Notes at their principal amount, plus accrued interest to the Optional Redemption Date.

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Principal Paying Agent Morgan Guaranty Trust Company of New York 60 Victoria Embankment London EC4Y 0JP	Paying Agent Banque Internationale à Luxembourg S.A. 2 Boulevard Royal L-2953 Luxembourg
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MORTGAGE SECURITIES (No.3) PLC
By: Morgan Guaranty Trust Company of New York
as Principal Paying Agent

Dated: March 29, 1997

NOTICE OF ADJUSTMENT OF SUBSCRIPTION PRICE
To the Holders of
Hokuetsu Paper Mills, Ltd.
U.S. \$70,000,000
1 3/4 per cent. Guaranteed Notes 1998
with Warrants (the "Warrants")

Pursuant to Clause 4 (C) of the Instrument dated March 17, 1994 under which the Warrants to subscribe for shares of Hokuetsu Paper Mills, Ltd. (the "Company") were issued, you are hereby notified that the Company is adjusting the Subscription Price (at which shares are issuable upon exercise of the above Warrants) pursuant to Clause 3 (vi) of said instrument due to its issuance of Swiss Franc 120,000,000 (14 per cent. guaranteed notes 2001) with Warrants at the initial exercise price of 575 Japanese Yen per share which is less than the current market price per share (610-90 Japanese Yen) on the date in Japan (5th March, 1997) on which the Company fixed the said exercise price, as determined in accordance with said Clause 3(vii) of the Instrument.

As a result, the following adjustment of the Subscription Price relating to the Warrants shall be made pursuant to said Clause 3(vii) of the Instrument:

1. Subscription Price before adjustment: 861 Japanese Yen
2. Subscription Price after adjustment: 855.30 Japanese Yen
3. Effective date of adjustment: 28th March, 1997 (Japan time)

Hokuetsu Paper Mills, Ltd.
By: DAICHI KANGYO TRUST COMPANY OF NEW YORK
as Disbursement Agent

Dated: March 29, 1997

PAN-HOLDING
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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
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Saturday March 29 1997

Faith and power

Nowhere is Britain's famous pragmatism better exemplified than in the UK's constitutional arrangements concerning religion. For this purpose the "United Kingdom" is divided into four parts, two of which are legally theocracies, with separate established churches headed by the same person. That person being also head of state, her secular authority extends also to the other parts of the kingdom (Wales and Northern Ireland), where the church is long since disestablished and all denominations are legally equal.

For most practical purposes, they are nowadays equal in England and Scotland too. There are Roman Catholic, Reformed and Jewish "voluntary aided" schools inside the state school system alongside Anglican ones (some of which have taken to serving *halal* meat for their Muslim pupils). The majority of state schools are non-denominational. The former Chief Rabbi sits (in a personal capacity) alongside Anglican bishops in the House of Lords. Sikhs are exempted on religious grounds from the law obliging motorists to wear crash-helmets. And so on.

It is enough to make any tidy-minded French or American secularist wince. Yet Britain passes for a relatively secular society. Those who "bring religion into politics" - whether churchmen who criticise the government or politicians who vaunt their personal piety - have been frowned on.

Explicit connection

That seems to be changing. Mr Tony Blair has followed his predecessor as Labour leader, the late John Smith, in making an explicit connection between his Christian faith and his political ideals. Instead of denouncing this, Mr John Major has followed suit, disclosing that he prays regularly. He asserts that his Conservatism "flows from the Christian faith", and calls for "much greater partnership between the Church and the state... to rebuild the moral and social fabric of our society". While they naturally object to bishops who advocate "praying for a Labour victory", Conservatives have - by and large - accepted the churches' right to make pronouncements on social issues. This includes implicit criticisms of government policy, as in the statement The Common Good from the Roman Catholic bishops last October.

While this reintroduction of

Christianity into British politics has riled some liberal agnostics, it has on the whole been welcomed by other religions. Both Jewish and Muslim leaders, it seems, feel more in common with committed Christian believers than with secularists who oppose any use of the state to promote religious values.

Sectarian tinge

Britain is clearly affected, albeit in mild form, by a zeitgeist which has seen a revival of religious politics across the world, from India through Russia to the US. Whether this reflects a revival of religion is debatable. In some cases religion has taken on a sharply sectarian tinge, more as a badge of communal identity than as an expression of personal belief or a quest for spiritual meaning. (This is nothing new, as those familiar with Irish history are aware. But such conflicts have become more salient in many parts of the world as ideological or social ones have waned.)

Often, though, it seems religion gives meaning and hope to the lives of people caught up in bewildering and painful social change. To whom purely rational or materialist philosophies offer little. Oddly enough this phenomenon was well described by Karl Marx, whose over-quoted phrase "the opiate of the people" was preceded by a sentence which deserves to be quoted more: "Religion is the sigh of the oppressed creature, the heart of a heartless world, just as it is the spirit of spiritless conditions."

Secularism is valuable in so far as it prevents the state being used to impose a particular religious viewpoint, and so protects the freedom of people of all religions and none. And it is badly needed to hold the ring when societies are torn about issues such as abortion, on which conflicting moral principles leave little or no room for compromise.

But in some countries (France and Turkey spring to mind, as well as the former communist bloc) the effort required to overcome a particular religious monopoly was such that secularism itself became a kind of official religion, intolerant of rivals. That is a mistake in the long run, since at the personal level religious belief remains the strongest source of moral commitment in most societies. A politics from which it is banished becomes at best insipid and unsatisfying.

Crumbled to gold dust

Kenneth Gooding explains why hopes have been dashed that a gold mine in Indonesia would be the biggest in the world

Busang, the gold mine in a remote area of Indonesia, has never been short on superlatives since its discovery in 1984. It has been described as the biggest gold discovery ever made, while Bre-X, the Canadian exploration company that discovered it, touted it as the world's biggest gold mine.

"One would have to go back to the Klondike or the discovery of the Witwatersrand in South Africa a century ago to find anything that compares to the apparent size of Busang," a typical stockbroker's report gushed late last year.

But on Wednesday, superlatives of a different variety surrounded the Busang venture when Bre-X admitted the find might have been overstated. The revelation that there might be an "insignificant" amount of gold at the site sent shock waves through the industry.

The company's shares were suspended by the Toronto stock exchange before the announcement, but when trading resumed on Thursday afternoon, their price plummeted from C\$15.50 to C\$2.50. Bre-X, valued at more than C\$60n (\$4.4bn) in 1996, was worth practically nothing, according to the more pessimistic analysts.

Shares in other small exploration companies - in Australia as well as Canada - were also hit, falling between 20 and 40 per cent.

"This is likely to undermine confidence in the gold sector in general and junior exploration stocks in particular," says Mr Nick Hatch, analyst at the Flemings Global Mining Group in New York.

Rumours that all was not well at Busang had plagued Bre-X for more than a week after Michael de Goozen, its chief geologist, was reported to have jumped from a helicopter. It was suggested he was very ill and had committed suicide.

Then a Jakarta newspaper hinted that independent checking of Bre-X's drilling at Busang was not confirming the excellent results reported by the company. Bre-X previously reckoned it had more than 70m ounces of gold, or 2,100 tonnes, at Busang in Kalimantan, the Indonesian side of Borneo. Mr John Felderhof, senior vice-president for exploration, told analysts last month he was "comfortable" with an estimate of 200m ounces.

On Tuesday Bre-X was still insisting it had discovered the world's biggest gold mine. But the next day Mr David Walsh, Bre-X's president, issued a statement saying consultants called in by the company to audit its work had found "there appears to be a strong possibility that the potential gold resources on the Busang project have been overstated because of invalid samples and assaying of those samples".

Nevertheless, analysts say Bre-X has spent about \$20m at



It will be hard for investors to understand how a gold mine said to contain 70m ounces could prove on further checking to have an "insignificant" amount. Could Bre-X really have made a mistake and been the victim of an unhappy accident?

Geologists say that, technically, this is possible. To gain some indication of the gold present in a deposit, companies drill holes, analyse the rock pulled out by the hollow diamond drill bits and calculate how much precious metal might be present over a relatively wide area.

A false impression could be given if the drilling followed the path of thin veins of gold in the rock, rather than cutting across them. High levels of ore would then show up.

It is also possible that laboratory analysis of the rock could be deficient. For example, three years ago Codelco, the Chilean copper group, offered half the El Abra mine for sale. When Cyprus Ammax, the US group that won the auction for El Abra, did its "due diligence" checking, it found there was less copper than had been thought. The problem was traced to faulty test work at a Codelco laboratory, which had also been giving misleading information about some of the group's other deposits.

Nevertheless, analysts say Bre-X has spent about \$20m at

Busang and taken samples from some 250 holes. They find it difficult to believe the company did not realise there was a problem with the optimistic test results until this week.

And the team that launched Bre-X in 1993 was far from inexperienced. Mr Felderhof, who is based in Indonesia, is credited with several significant gold discoveries in that region and played a part in the discovery of Ok Tedi, one of the world's biggest copper mines. Mr Walsh is well-known in Canada as a mining promoter and prospector.

Bre-X bought an 80 per cent share in Busang in 1993 and

within months Mr Felderhof's exploration team was recording positive drilling results. This not only sent the Bre-X share price rocketing but also attracted the attention of Barrick Gold, the biggest gold producer outside South Africa. An attempt to form a joint venture between Barrick and Bre-X failed, but the prospects at Busang continued to fascinate Mr Peter Munk, chairman and founder of Barrick who is determined to make it the world's biggest gold-mining group.

Last year Bre-X reported more promising drilling results and said it was looking for a big mining company to be its partner at Busang. Several big North American companies showed an interest and there was a scramble for a share of what was by then being widely described as the "gold discovery of the century".

But things did not go smoothly. In October Bre-X became embroiled in an ownership dispute and the Indonesian government held back from granting licences until this was settled.

Behind the scenes, Mr Munk of Barrick was lobbying Indonesian officials, suggesting it was the best partner for Bre-X. Barrick teamed up with the Citra group, operated by Ms Siti Hardiyanti Rukmana, the eldest daughter of Indonesia's long-serving President Suharto and a powerful

businesswoman in her own right. Bre-X countered with its own attempt to gain favour with Indonesia's first family. It offered a company associated with Mr Sigit Harjojudanto, President Suharto's son, 10 per cent of the Busang project and \$1m a month for 40 months in consultancy fees - as long as permits were given.

At first it appeared Barrick was winning the battle, as the Indonesian government attempted to force Bre-X into a deal with Mr Munk's group. But the issue became embarrassing to Mr Suharto, who directed criticism of the president's favouritism in Indonesia, and opponents seized on Busang as a way of attacking the government.

As talks between Barrick and Bre-X became bogged down, President Suharto called in his old friend, Mr Mohammad "Bob" Hasan, the timber tycoon, to advise and arbitrate. Last month Mr Hasan recommended that Freeport McMoRan, a New Orleans-based group, should become Bre-X's partner.

Mr Jim-Bob Moffett, Freeport's chief executive, is said to be close to both Mr Hasan and President Suharto. Freeport was the first foreign mining company to invest in Indonesia after Mr Suharto came to power in 1965, and it has developed the huge Grasberg copper mine in Irian Jaya, the western part of New Guinea.

Bre-X's share of Busang was to be reduced to 45 per cent. Freeport was to have 15 per cent and be responsible for developing a mine, and the remaining 40 per cent was to go to the Indonesian government and two Indonesian companies.

The Busang affair has already left scars. It has damaged the reputations of some North American gold companies that have shown themselves too willing to use political leverage to get control of Bre-X.

And the political interference with the ownership of Busang unnerved many potential foreign investors in Indonesia, damaging its hard-won reputation as a competitive and stable mining environment. It is clear that large projects in Indonesia are unlikely to succeed without the help of the Suharto family.

The story is far from over. Freeport says it will take about four more weeks to complete its checks. Analysts say it will take longer than that for investors to regain confidence in gold exploration companies.

"If it turns out that Busang has 50m ounces rather than 70m, that's bad but not a major disaster," says Mr Martin Rosser, a director of David Williamson Associates, a specialist consultancy. "But if it is 10m ounces, then something really awful has happened."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44-171-873 3598; e-mail: letters.editor@ft.com. Published letters are also available on the FT web site: <http://www.ft.com>. Contributions may be available for letters written in the main international languages.

Escalating costs pose a threat to company healthcare schemes

From Mr Adam Walton

Sir, It is not just in the US that concern over the rising cost of corporate healthcare provision is growing ("US healthcare costs: the treatment is wearing off", March 25). In the UK, private medical insurance prices have risen 23 per cent in real terms over the last five years.

In a recent survey Hogg Robinson Healthcare found that 80 per cent of UK companies are now seriously concerned about this issue, to the extent that 14 per cent would terminate their schemes if they were able to do so. However, unlike the US,

"managed care" is much less widely practised in the UK: only 20 per cent of companies surveyed use it, compared with 75 per cent in the US.

We have demonstrated that managed care is an effective approach to controlling healthcare costs, without the problems experienced in the US, such as restricting patient choice.

Managed care can improve the quality of patient care while achieving considerable savings for the company. Indeed, managed care is one of the few means open to employers to control rising healthcare costs, while continu-

ing to offer a worthwhile benefit to employees. Alternatives, such as increasing policy excesses and restricting cover, simply devalue the benefit.

Unless the healthcare industry as a whole takes active steps to control escalating costs we believe companies may be forced to withdraw cover, as the hidden cost to them of employee ill health would be bound to rise.

Adam Walton, managing director, Hogg Robinson Healthcare, 42/62 Greyfriars Road, Reading, Berks RG1 1NN, UK

Geography a bit rocky

From Mr Robert Hage

Sir, I have had it with the FT. I conspicuously read your paper on the Metro, initiate conversation at lunches on your articles and hope that Lionel Barber will acknowledge me at cocktail parties. I do all of these things and yet your paper continues to confound the basic aspects of Canadian geography. It perhaps is too much to expect the foreign press to understand all our provinces, cities and rivers - but since your forebears have named a good many of them one would expect a bit more attention.

In the past year you have twice referred to our capital as "Ottawa"; this is a capital that every Canadian school child is taught was "the Queen's choice" (Victoria, that is). The latest example is Arnie Wilson's article (Travel, March 22/23) on the Canadian Rockies in which he says they landed in "Edmonton" (Edmonton named after the town near London) and then "found themselves in the middle of British Columbia's other famous national park, Banff, as we arrived at the truly magnificent Chateau Lake Louise Hotel...". Lake Louise was named after Queen Victoria's daughter Princess Louise Caroline Alberta - which gives a good hint as to which province it, plus Banff and Jasper National Parks, are in.

Robert Hage, minister counsellor, Canadian Mission to the European Union (on the other side of Le Manche), 2 Ave. Tervuren, 1040 Brussels, Belgium

Shell a standard setter on fuel efficiency

From Mr A.H. Lancashire

Sir, It makes me wild when I read letters such as the one from Tony Juniper of Friends of the Earth (March 22/23). I worked for 35 years for Shell International and devoted almost the whole of that time to helping customers to use fuel more efficiently and so produce less carbon dioxide.

The Shell Combustion Laboratory, which I headed, and other similar Shell laboratories in Paris, Hamburg, Atsugi (Japan) and Seward (US) set standards for efficient and clean combustion that are the basis of almost all oil burner standards throughout the world. The smoke meter that is now in general use was developed at Seward.

It was the philosophy of the company that to help a customer to use fuel as efficiently as possible is a very good way to keep

him. A quote from a circular sent to chief executives of Shell companies worldwide shows that the philosophy is not new:

"... We must accept a special role in promoting oil conservation by increasing efficiency in its utilisation. This despite the undoubted problem of the credibility of a commercial activity apparently seeking to encourage less demand for its product..." Shell Energy Efficiency News 1980.

A.H. Lancashire, Bowdens' End, Urcifont, nr Devizes, Wiltshire SN10 4SQ, UK

From Mr Stephen G. Brown. Sir, Tony Juniper of Friends of the Earth (Letters, March 22/23) objects to the Global Climate

Coalition trying to "undermine the scientific consensus that climate change is happening".

Let me remind him that scientists cannot yet explain or predict the occurrence of ice ages. They can't do the "big stuff".

Scientists cannot tell whether next year will be warmer or cooler than this year. They can't do the "small stuff".

To suggest, as he is doing, that predictions in the middle range over a period of decades are incapable of being challenged, and that to do so is somehow proof of bad faith, beggars belief.

It may suit Mr Juniper to stifle debate on this issue. The rest of us might find it very expensive.

Stephen G. Brown, 21 Tarbrax Way, Hamilton, Lanarkshire ML3 9NN, UK

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Man in the News • The Dalai Lama

Believer in a middle way

Tony Walker on the Tibetan spiritual leader's relations with China

The Dalai Lama found himself on unfamiliar terrain this week on his first visit to Taiwan. But Beijing's reaction across the Taiwan strait would not have surprised him.

For months, China has been rumbling about the "perfidious" intentions of the Tibetan spiritual leader and his Taiwanese hosts, both of whom are "splittists" in Beijing-speak.

"The Dalai Lama has for a long time engaged around the world in activities to split the motherland," said a foreign ministry spokesman. In Taipei, capital of what Beijing regards as the renegade province of Taiwan, the Dalai Lama was mild, reiterating his belief in a "middle way" between independence and heavy-handed Chinese rule.

"I believe very much in the spirit of 'one country, two systems'," said the 61-year-old Dalai Lama, who describes himself as a "simple monk".

Beijing, which has been obliged to deal with the Tibetan "God-king's" subtle crusade for more than three decades, would almost certainly balk at such a description, regarding him as anything but simple. Indeed, China - perhaps feeling less constrained after Mr Al Gore, the US vice-president, completed his visit and left the country yesterday - sharpened its criticism of the Dalai Lama's

Taiwan visit. It accused him and his hosts of harbouring "evil intentions". "The Dalai Lama's visit is against the background of increasingly rampant splittism on the island," said an official commentary. "The Taiwan authorities have taken an extremely dangerous step on the road of separating the country, and the splittist forces on the island have already collaborated with the Tibet independence forces."

In the years since the Dalai Lama fled Tibet in 1959 at 24 after a failed uprising against Chinese rule, he has proved an effective salesman for his people, charming world leaders, the Hollywood establishment and thousands of converts to Buddhism in the west.

All this is a long way from humble origins in eastern Tibet, where he was recognised in 1937 at the age of two as a reincarnation of the 13th Dalai Lama, who had died a few years earlier. At five, he was installed as Tibet's spiritual ruler and in 1950, at 15, was made secular leader - the same year Chinese troops moved into Tibet in force.

Since he took refuge in India, he has garnered scores of honours, including the Nobel Peace prize in 1989.

But after so many years in the wilderness, what does he have to show for his efforts? Is he any closer to realising his dream of going home?

Like others with a weak hand he must appear optimistic always, to buoy doubting followers with promises of success. Like Mr Yasir Arafat, president of the Palestine Authority, he cannot afford to waver publicly, however hopeless his task may seem.

The Dalai Lama makes frequent reference to the collapse of the Soviet Union and dramatic changes in South Africa to bolster his argument that history will deliver. "And so it will be in our case," he says. "We have had our own dark period for 40 years, but for us, too, things will surely change."

Tibetan exiles might believe that the death last month of Deng Xiaoping, China's paramount leader, would improve prospects for breakthrough - but there is no indication the post-Deng leadership will be

any more accommodating. In fact, Deng spawned hopes of reconciliation in 1979 when he said all issues could be placed on the table, except Tibetan independence - which is not one of the Dalai Lama's demands. Those remarks prompted faltering discussions between Beijing and Tibetan exiles, which petered out after the fall in 1987 of Hu Yaobang, the liberalising Chinese leader who showed sympathy for Tibetan aspirations.

China's new leaders, seeking to strengthen their grip on power, have evinced no such sympathy. In fact, recent nationalist disturbances in far west Xinjiang and in Tibet itself appear likely to harden resolve for the time being. These are not auspicious moments for a resumption of dialogue.

The Dalai Lama's renewed call for a resolution that would give Tibet status similar to Hong Kong has not attracted Beijing's enthusiasm: on the contrary, a Chinese official accused him of moving "against the tide of history".

China's wariness about the Dalai Lama's proposal for greater autonomy

derives from suspicion that his proposal represents a "disguised form of independence". In Chinese eyes, such a step would run counter to the Hong Kong formula, which anticipates the integration into the mainland of the Special Administrative Region of Hong Kong after a 50-year transitional phase.

Beijing has long regarded the Dalai Lama's calls for increased autonomy as the "thin edge of the wedge" - hence its reluctance to pursue discussions about increased freedoms, including his return home in a "non-political role". Tibet is designated an "autonomous region" under Beijing's control, but in practice has no more autonomy than a province, and in some ways less.

China's determination to counter the Dalai Lama's influence in Tibet was exemplified in 1995, when it rejected his nomination for a replacement Panchen Lama - the second most important figure in Tibetan Buddhism. The Dalai Lama's nominee "disappeared", and a Beijing-approved substitute was selected.

But the Dalai Lama, who steadfastly advocates non-violence, cannot be sanguine about time being on his side, in spite of remarks to the contrary. Younger nationalist Tibetans are chafing at his strictures.

A bombing in Lhasa, the Tibetan capital, on Christmas day is a sign of these frustrations bubbling over. Tibetan nationalists, at the Dalai Lama's urging, have rejected violence, but without results he may not be able to hold the line.

Tibet's spiritual leader must also reckon with demographics - the spread of Chinese influence in a region which was virtually closed to the outside world until this century.

Beijing says 2.2m Tibetans live in Tibet and the Chinese population is less than 100,000, but the Dalai Lama believes numbers are much larger, with a continuing influx of Chinese "entrepreneurs". He claims that of 13,000 shopkeepers in Lhasa only 300 are Tibetans, and businesses in other cities and towns are similarly dominated by ethnic Chinese.

But in keeping with his attempts to refrain from a slanging duel with Beijing, the Dalai Lama continues to show restraint. "The Tibetan problem is neither good for Tibet nor for China," he said this week. "We must find a mutual solution." Beijing, however, appears not to be listening.

Michael Skapinker on BA's plans to enter the German market
Pathfinder's prospects

Mr Carl Michel says he would like to be Germany's Richard Branson. It is a bold ambition on several counts.

First, because the hot-air ballooning, fizzy drink-selling Mr Branson is probably imitable. Second, because German chief executives wear ties, not Branson-style pullovers.

And third, because Mr Michel, 33, is about to take over the German operations of British Airways, the company Mr Branson regards as his deadliest enemy.

Does BA not have a house rule against expressing any admiration for Mr Branson? The "clean-shaven, tie-wearing Mr Michel laughs. "I admire the way he gets yards of media coverage for nothing."

But it is Mr Branson's achievement in setting up the independent airline Virgin Atlantic in the face of stiff competition from BA and other established carriers that Mr Michel most wants to emulate.

On Tuesday, Mr Michel becomes chief executive of Deutsche BA, the carrier BA has set up to take on Lufthansa of Germany in its home market. That is also the day that the European Union's decade-long programme to open up the aviation industry to competition reaches its conclusion.

Since it began to liberalise air lines in 1987, the EU has substantially increased competition between Europe's airlines. They can now fly freely between member states and this final stage of liberalisation gives them the right to begin domestic operations in other EU countries.

BA had anticipated this new freedom by taking stakes of just under 50 per cent in TAT of France and

Deutsche BA. The French and German operations between them lost \$58m (\$108m) last year. BA does not reveal how much each of the businesses lost, but Deutsche BA has been the more successful operation. Since its start in 1992, it has won 39 per cent of the market on its German routes.

Other airlines are watching Deutsche BA and Mr Michel carefully. Their thinking is that if BA, Europe's most profitable carrier, cannot succeed in a market outside its own, no other airline will be able to.

Mr Michel, the man chosen by BA to lead this experiment in European aviation liberalisation, has the linguistic skills for the job: his German is almost as good as his English. London-born with a Viennese father, he holds both British and Austrian nationality.

He was educated at Oxford and Harvard Business School and spent eight years at McKinsey, the management consultants.

"He's very articulate and a very smart problem-solver," says a businessman who dealt with him then.

His first BA job was head of business development, which allowed him to work directly with Mr Robert Ayling, BA's chief executive. He helped Mr Ayling reorganise his senior management team.

Mr Michel's reward was to work on the London millennium celebrations at Greenwich, which BA is supporting. Mr Ayling then asked him to lead the search for a new strategy at Deutsche BA, before appointing him chief executive.

Deutsche BA called in Boston Consulting Group, the management consultants, which advised it to drop any routes on which it was



Carl Michel: well prepared

the third biggest carrier. This meant ending most of Deutsche BA's services between Germany and other European countries - only the services to London's Gatwick airport were retained. The Munich to Madrid service was closed, as were Munich-Paris, Berlin-Oslo and Berlin to Moscow and St Petersburg.

The airline decided to concentrate on German domestic routes with more than 500,000 passengers a year, of which there are 11. Deutsche BA now flies on seven - all involving flights from Munich or Berlin.

The four other routes are from Frankfurt. Lufthansa's stronghold. Deutsche BA applied for take-off and landing slots at Frankfurt and was given enough to fly to Berlin three times a day. Lufthansa has 16 flights a day between the two cities.

Boston Consulting Group advised the airline that it was not worth operating on a route unless it accounted for more than 40 per cent of the flights. Business travellers need to be able to change flights at short notice and would not buy tickets from an airline with

only a handful of flights a day.

Mr Michel says he will continue to request slots at Frankfurt, an ordeal which will provoke some *schadenfreude* among the carriers battling to establish themselves at London's Heathrow, BA's stronghold.

Lufthansa says it is not worried by Mr Michel. "We're well prepared for competition. We've had competition on other European routes for a long time," the airline says.

But the German carrier has cut fares on the routes on which Deutsche BA flies. Lufthansa's economy return fare on the Munich-Berlin route is DM560 (\$330), compared with Deutsche BA's DM520. On the Frankfurt-Berlin route, where the German Federal Cartel Office has accused Lufthansa of exploiting its monopoly, the German carrier charges DM730 for an economy return.

While German consumers might welcome the price-cutting, it is not doing much for Deutsche BA's profits. But Mr Michel says his company can cut costs further. To reduce maintenance and training costs, the airline will in future have only one aircraft type: the Boeing 737.

Mr Michel says he expects Deutsche BA to break even in 1998-99 and then move into profit. And he hopes his youth, unusual in German senior management, will help win publicity.

It will not be on the scale Mr Branson achieves, because German newspapers are not as adventurous as their UK counterparts in promoting charismatic business leaders. On the other hand, Mr Michel says, "Lufthansa hasn't got many good personalities. It's possible to become a relative media star."

We want to rebuild Taiwan to be a 'pig-raising kingdom' once more," says Mr Wang Kuo-en, one of about 26,000 pig farmers on the island. His livelihood is threatened by an outbreak of foot-and-mouth disease which threatens the future of Taiwan's 10.5m pig population and could destroy a market valued at more than \$5bn a year.

The farmers are confident that the epidemic - the first in 67 years - does not spell the end of the pig industry. "We will rise again," says Mr Wang, who owns 4,000 pedigree Swedish pigs and is chairman of Taiwan's swine breeders' association.

But while the powerful farming lobby is urging the government to rebuild the industry, some experts want it to take the opportunity to bring the industry under tighter control.

Taiwan is famous for its "economic miracle". But away from the teeming cities and high-technology science parks, the island's countryside is covered with farms producing everything from rice and sugar cane to oranges, tea, betel nut - and pigs.

After General Chiang Kai-shek, the nationalist Chinese leader, fled to Taiwan in 1949, his government confiscated huge tracts from landlords and parcelled them out to landless tillers. This land reform programme is credited with forming the foundation for Taiwan's spectacular economic growth by creating a new class of farmers and entrepreneurs.

But Taiwan has changed dramatically over the past two decades and the rural way of life is disappearing. In becoming a prosperous manufacturing powerhouse, its agricultural sector has shrunk to just 3 per cent of gross domestic product.

The foot-and-mouth crisis began when the government announced an export ban on pork on March 20. Since then the number of farms infected with the highly contagious

Divided over a cure

Laura Tyson on reactions to an epidemic that threatens Taiwan's pig farmers

disease has soared from nine to more than 700. Because of the lucrative Japanese export market - \$1.5bn last year or 99 per cent of Taiwan's pork exports - the pig industry has grown in recent years. The Japanese, who are said to prefer the "sweet" flavour of Taiwan pork, buy 40 per cent of their pork imports from Taiwan.

The domestic market is also strong, with Taiwanese eating 40kg of pork per capita each year - among the world's highest.

But the high prices commanded in Taiwan - \$181 per hundred kilos live - proved to be undoing of the industry. They encouraged smuggling, which has been rampant in recent years and is thought to have brought the disease to the island, probably from China where pork is cheap.

News of the outbreak sent

share prices on the Taiwan stock exchange on a roller-coaster ride last week. Criticism of the authorities' handling of the issue mounted as it emerged that cases were discovered several weeks before the public announcement but little was done to alert farmers or prepare for an epidemic.

As in many industrialised countries, farmers remain a powerful political constituency. Shoemakers, toy-makers and garment manufacturers have failed or have relocated to lower-cost countries, but farmers have been protected.

"The government's policy for several years has been to reduce the number of pigs, but because it was very profitable the farmers wouldn't listen," says Mr Albert Lin, head of marketing at Tung Ying Industrial, Mr Wang's pig business.

Now that the market has

collapsed, the goal is to recover to the point of self-sufficiency. Only the best-managed farms will be able to survive and small farmers will be squeezed out.

Some farmers are calling for the slaughter of Taiwan's entire pig population, saying herds should be rebuilt with government help. But the agricultural authorities have opted for a vaccination campaign combined with slaughtering all pigs on infected farms.

Like the UK's mad cow scare, the foot-and-mouth epidemic has raised human health concerns. Experts say there is no risk of human infection, because pork is cooked thoroughly before it is eaten. But consumers have been sickened by gruesome television images of afflicted pigs being electrocuted and hastily buried - often still alive.

It is feared the infection may spread to cows. The zoo in Taipei, the capital, has been closed to protect its cloven-hoofed animals.

Whether the once lucrative pig-breeding industry can - or even should - recover is the subject of lively debate on the island. An estimated 700,000 people work in pig-raising and related businesses, and the export earnings are valuable to Taiwan.

But the crisis offers the government an opportunity to sort out the problems of the pig-farming industry, which is dominated by tiny, inefficient farms. It also poses a serious environmental hazard on a heavily industrialised island with 21m people and limited water resources.

"The small farmers should be eliminated," says Ms Chen Chang-chen, an agricultural specialist at the respected Chung-Hua Institution for Economic Research. "They cannot survive without government support and they create severe environmental problems."

"As it is now, the pig industry is just not appropriate for modern-day Taiwan."



On the shelf: unsold hocks at a butcher's stall in Taipei

Philip Stephens

In no mood to feel grateful

Incompetence and bad luck have marred the Tories' election campaign so far. But even their trump card - that Britain is enjoying an economic boom - is unlikely to win over worried voters



Perhaps I have missed something. The word boom was to have been coined from the lexicon of John Major's government. It carries too many dark memories. Thatcher. Mandelson. Barber. Lawson: three booms in as many decades. Each followed by an ever more wretched hangover.

Yet there it is again, and this time plastered on every hoarding in the land: Britain is booming. Don't let Labour blow it. Michael Heseltine, who has taken effective charge of the Conservative election campaign, recites the mantra before breakfast, lunch and dinner. Touring the country in search of the lost Tory tribe, Mr Major does likewise.

This, only two weeks into a campaign scheduled to last for six, is the government's last shot. The voters must be persuaded that, however badly they think of their present political masters, they have something tangible to lose on May 1. Only then will they vote with their wallets.

All the evidence is that it is too late. Just as it has long seemed Tony Blair's

New Labour was destined to win, so it now appears the scale of its victory is likely to be much greater than previously contemplated. The people have yet to speak, but my guess is that their minds are made up. I would still bet against Mr Blair coming close to the 50 per cent-plus share of the vote predicted by the opinion polls; but not against a 100-seat majority.

Beyond the economy, Messrs Major and Heseltine have precious few cards left. They can score the occasional point elsewhere. Gordon Brown's fumble this week on the issue of trade union recognition reminded us that, for all the expense and preparation of the party's campaign, it can still make elementary mistakes. From now on, the shadow chancellor has resolved sim-

ply to stonewall in the face of such awkward questions. He may not get away with it quite so easily.

These are pinpricks. New Labour's plans for the unions may not be thought through, but they are hardly revolutionary. Mr Blair is proposing rights for union members which are taken for granted on the other side of the Atlantic. And the British, I suspect, retain a sense of fair play.

The Tory focus on the economy, however, mirrors the apparent bewilderment at the government's plight of many observers of the election. Those with only a slight acquaintance with British politics share Mr Blair's disbelief that in an age of unabashed materialism, a government can be turned out of office at the peak of the economic cycle.

The apparent paradox is easily explained, though not substantially by the mixture of incompetence and bad luck which has dogged the first weeks of the Tory campaign. It is true that front pages filled with stories of financial sleaze and infidelity are no help to a government so far behind in the opinion polls.

The voters do not now presume that every Conservative MP is either taking bribes or jumping into bed with that sort of young girl. But each scandal, real in the case of those MPs who have filled their pockets with £5 notes, hardly substantial in that of those caught without their trousers, reinforces a more general disenchantment.

The government's response raises profound questions about what has

happened to the Conservatives' value system. I cannot have been alone this week in thinking it bizarre that Mr Major could defend those MPs charged with taking bribes, while voicing outrage at the alleged marital infidelity of another. Ministers are rightly embarrassed that Neil Hamilton, who has admitted receiving undisclosed payments from a lobbyist and misleading Mr Heseltine about his financial relationships, is standing again as an MP.

There is collateral damage to Mr Major's reputation. He appears weak and indecisive. The prime minister's probity has never been in question. But he has been too willing to tolerate the misdeeds of others, at least until the pressure of events forced him to do otherwise. This course of least resis-

tance has left the wound lying open, to be picked at constantly by a press already anticipating his departure from power.

Sleaze, however, provides insufficient explanation for the voters' unwillingness to thank the government for putting money in their pockets. Some no doubt also recall the broken promises over tax made during the 1992 campaign. Others will remember the price they paid for Mr Major's failed attempt to keep sterling within the European exchange rate mechanism. Little wonder they do not share the government's unbridled optimism about the future.

Perhaps people have also been listening too carefully to Kenneth Clarke, the chancellor. While colleagues boast about the boom, Mr

Clarke is more circumspect. He is not shy about the government's record. With justification he counts the conjunction of robust growth and low inflation as his achievement. But when the b-word passes his lips, it is, well, rather mumbled.

Mr Clarke is the cabinet's most accomplished politician. The fact that he is not seen as the natural successor to Mr Major is a measure only of the extent to which so many in his party have lost touch with reality.

The chancellor's standing, though, is built on a certain sobriety, on a promise that the 1990s would escape a "Clarke boom". He has told us countless times of the risk of boom turning to bust. The voters, probably aware the election will be followed by tax rises and/or higher interest rates, seem to have

taken him at his word. There is another reason for their caution. It is called insecurity. People may feel reasonably good today; they remain deeply uncertain about tomorrow.

It has been the fashion lately to dismiss job insecurity as a modern myth. Research suggesting that turnover in the workplace has not significantly increased is cited in support of the proposition. But this misses the point: insecurity is a state of mind. It encourages people to remain in their present job. It also inclines them to discount short-term improvements in their economic fortunes.

Those who wonder at the voters' apparent ingratitude miss a more obvious point. You do not have to believe the nation is gripped by a new-found altruism to explain its present mood. Elections are about the future not the past. It is perfectly rational to conclude you have prospered under one party but would prefer a future with another. Therein lies Mr Major's predicament. Britain used to fear Labour. Now it has lost faith in the Conservatives.

Management Reports

CURRENCIES AND MONEY

Dollar slides

MARKETS REPORT
By Simon Kuper

The dollar slipped against the D-Mark and yen in slow trading on Thursday and Friday, as this volume over the holidays created exaggerated price moves.

Mr Marc Chandler, senior currency economist at Deutsche Morgan Grenfell in New York, said traders long on the US currency were selling it because it had failed to rise significantly after Tuesday's US interest rate increase. The dollar's stagnation had suggested to them that it would have trouble rising further.

The dollar was also hit by rumours that a Japanese bank had suffered large losses from derivatives trading and would have to sell some of its foreign assets. The US currency gained only a modest boost from a strong University of Michigan consumer sentiment index for

March and good existing homes sales.

The dollar closed 1.5 pence down against the D-Mark in London on Thursday at DM1.677, and 0.5 lower against the yen at ¥123.6. In late trading on Good Friday the US currency stood at DM1.678 and ¥123.9 respectively.

Mr Chandler said that if the dollar could break and hold below the key technical level of DM1.67 against the D-Mark, it could quickly

drop as low as DM1.63.

Sterling slid on profit taking and position squaring ahead of the Easter break. Even longer term market players such as investment funds were seen buying or selling up to £200m per pound in recent days. The pound

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UNIT TRUSTS

WINNERS AND LOSERS

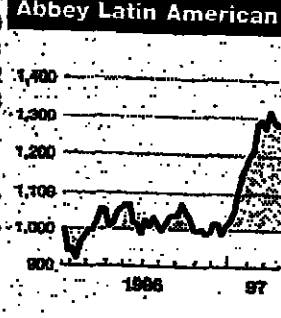
TOP FIVE OVER 1 YEAR

Johnson Fry Sister Growth	1,439
Gartmore UK Smaller Companies	1,313
Abbey Latin American	1,292
HSBC Hong Kong Growth	1,282
HSBC Hong Kong Growth	1,282

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	477
Baring Korea	586
Sino & Prosper Korea	582
Spaxford Stage	580
F&G Japanese Smaller Cos	580

Abbey Latin American



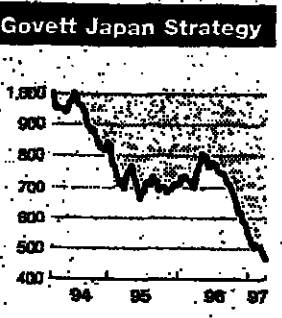
TOP FIVE OVER 3 YEARS

Johnson Fry Sister Growth	1,898
PM North America Growth	1,894
Gartmore UK Smaller Companies	1,843
HSBC Hong Kong Growth	1,821
HSBC Hong Kong Growth	1,820

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	468
Baring Korea	473
Sino & Prosper Korea	468
Spaxford Stage	465
F&G Japanese Smaller Cos	465

Govett Japan Strategy



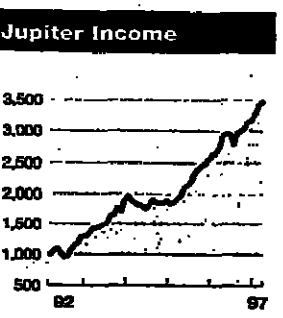
TOP FIVE OVER 5 YEARS

HSBC Hong Kong Growth	3,534
Messary Gold & General	3,477
Jupiter Income	3,468
HSBC Hong Kong Growth	3,400
HSBC Hong Kong Growth	3,393

BOTTOM FIVE OVER 5 YEARS

Old Mutual Thailand Acc	701
Baring Korea	810
Sino & Prosper Korea	810
Spaxford Stage	834
F&G Japanese Smaller Cos	859

Jupiter Income



TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	5,856
Johnson Fry Sister Growth	5,886
F&G US Smaller Companies	5,390
Gartmore Hong Kong	5,281
Fidelity European	4,892

BOTTOM FIVE OVER 10 YEARS

Old Mutual Thailand Acc	530
Baring Korea	624
Sino & Prosper Korea	658
Spaxford Stage	716
F&G Japanese Smaller Cos	741

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices

Index	1994	1995	1996	1997	Volatility	Yield
FTSE 100	10,495	11,888	12,923	12,921	3.3	2.5
FTSE 250	1,133	1,238	1,296	1,291	4.6	4.5
FTSE 350	1,028	1,132	1,216	1,216	0.0	4.3
FTSE 1000	1,007	1,113	1,224	1,224	0.0	4.3
FTSE 1000	1,007	1,113	1,224	1,224	0.0	4.3

UK Growth

Index	1994	1995	1996	1997	Volatility	Yield
Johnson Fry Sister Growth	1,459	1,843	2,225	2,225	3.8	0.9
Jupiter UK Growth	1,149	1,733	2,125	2,125	3.3	1.8
Credit Suisse Fellowship Inc	1,095	1,592	2,092	2,092	3.2	1.1
Perpetual UK Growth	1,144	1,587	2,046	2,046	2.9	2.2
Sama UK Growth	1,074	1,558	2,110	2,110	3.1	1.8

UK Growth & Income

Index	1994	1995	1996	1997	Volatility	Yield
Fleming Select UK Income	1,188	1,479	2,106	2,537	3.1	3.4
Fidelity UK Dividend Growth	1,121	1,467	2,106	2,537	3.1	2.3
Perpetual Income	1,131	1,486	2,106	2,537	2.8	2.8
Gartmore UK Index	1,178	1,457	1,983	2,537	3.1	3.0
Lazard UK Income & Growth	1,114	1,454	1,983	2,537	3.0	4.1

UK Smaller Companies

Index	1994	1995	1996	1997	Volatility	Yield
Gartmore UK Smaller Companies	1,313	1,821	2,514	2,480	3.5	0.2
Laurence Keen Smaller Cos	1,183	1,800	2,514	2,480	3.2	1.1
AES Smaller Companies	1,152	1,877	2,330	2,480	3.2	0.8
INVESTCO UK Smaller Companies	1,218	1,860	2,702	2,480	4.1	1.1
Schroder Smaller Companies Inc	1,260	1,811	2,501	2,480	3.2	1.0

UK Equity Income

Index	1994	1995	1996	1997	Volatility	Yield
Jupiter Income	1,187	1,780	2,488	2,488	2.9	4.0
Lazard UK Income	1,140	1,508	2,228	2,488	3.0	4.2
River & Mercantile 1st Income	1,120	1,438	2,183	2,488	3.0	4.0
British High Yield Inc	1,117	1,433	2,297	2,488	2.9	3.9
BWD UK Equity Income	1,168	1,427	2,197	2,488	3.0	3.5

UK Equity & Bond Income

Index	1994	1995	1996	1997	Volatility	Yield
Proffitt Extra Income	1,072	1,310	1,892	2,291	2.6	4.5
Cazenove UK Equity & Bond	1,106	1,305	1,892	2,291	3.3	6.2
Clear Med Retirement Income Inc	1,081	1,273	1,876	2,291	3.1	5.5
Prudential Distribution Inc	1,078	1,285	1,876	2,291	3.1	5.3
CIS UK Income	1,084	1,244	1,818	2,291	2.5	4.1

UK Eq & Bd

Index	1994	1995	1996	1997	Volatility	Yield
BWD Balanced Portfolio	1,171	1,490	2,301	2,301	3.2	1.2
Perpetual High Income	1,120	1,395	2,410	2,301	2.4	3.2
Credit Suisse High Income Port	1,079	1,385	2,293	2,301	2.8	4.0
NPI UK Extra Income Inc	1,085	1,348	2,117	2,301	2.6	3.0
Henry Cooke Balanced	1,070	1,344	2,117	2,301	2.4	3.0

Gift & Fixed Interest

Index	1994	1995	1996	1997	Volatility	Yield
Thomson Preference Inc	1,070	1,228	1,775	2,289	1.8	8.2
M&G Gift & Fixed Interest	1,117	1,218	1,652	2,289	2.1	8.4
Abtrust Fixed Interest	1,147	1,204	2,005	2,289	2.0	8.7
Henderson Preference & Bond	1,085	1,192	1,586	2,071	1.5	8.1
Legal & General Fixed Interest	1,047	1,187	1,487	2,071	1.8	8.7

International Equity Income

Index	1994	1995	1996	1997	Volatility	Yield
Martin Currie Int'l Income	1,075	1,236	1,977	2,289	2.6	2.9
GT International Income	1,033	1,233	1,952	2,289	2.5	2.6
Credit Suisse High Income Port	1,047	1,220	1,837	2,057	2.8	4.1
Dolphin Int'l Gth & Income	1,049	1,204	1,813	1,701	2.9	2.2
M&G International Income	1,028	1,188	1,886	2,486	2.4	4.3

International Fixed Interest

Index	1994	1995	1996	1997	Volatility	Yield
Baring Global Bond	1,018	1,188	1,835	2,289	1.6	6.2
Barclays Uni European Bond Inc	1,048	1,138	1,652	2,289	1.2	5.9
Old Mutual Worldwide Bond Inc	978	1,123	1,407	2,289	2.0	5.0
Mercury Global Bond Acc	980	1,122	1,457	2,289	1.7	4.9
TSS International Income Inc	974	1,088	1,429	2,289	1.7	4.6

International Equity & Bond

Index	1994	1995	1996	1997	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1,097	1,343	1,868	2,289	2.4	2.9
Cazenove Portfolio	1,044	1,313	1,843	2,289	2.1	2.1
NPI Worldwide Income Inc	1,017	1,257	1,751	2,289	2.8	1.5
Baillie Gifford Managed	1,038	1,253	1,757	2,289	2.5	2.6
Gartmore P Long Term Balance	1,082	1,252	1,837	2,289	2.5	2.6

International Growth

Index	1994	1995	1996	1997	Volatility	Yield
Proffitt Technology	892	1,747	3,135	4,353	6.4	-
Franklin Health	890	1,728	2,203	4,353	7.0	-
Save & Prosper Growth	1,123	1,589	2,757	3,381	3.1	1.7
Guinness Global Privatisation	1,079	1,417	2,757	3,381	3.1	1.7
Guinness Global Privatisation	1,145	1,407	2,757	3,381	3.1	1.7

Nth America

Index	1994	1995	1996	1997	Volatility	Yield
PM North America Growth	1,089	1,894	2,852	3,995	4.7	0.0
HSBC US Smaller Cos	1,084	1,820	2,880	3,995	5.3	-
Edinburgh North American	1,181	1,761	2,878	3,147	3.5	0.6
Martin Currie North America	1,103	1,682	2,878	3,147	3.4	0.0
Royal Life United States	1,108	1,682	2,752	3,375	3.4	0.3

Europe

Index	1994	1995	1996	1997	Volatility	Yield
Jupiter European	1,210	1,896	3,078	3,078	3.4	0.2
Baring Europe Select	1,191	1,790	2,888	2,959	3.5	0.8
INVESTCO European Growth	1,191	1,678	2,884	2,959	3.5	-
Allied Dunbar European Growth	1,150	1,666	2,840	2,653	3.7	0.1
Gartmore European Bal Opps	1,105	1,684	2,837	2,874	2.8	-

Japan

Index	1994	1995	1996	1997	Volatility	Yield
GT Japan Growth	830	874	1,319	1,394	3.2	-
Martin Currie Japan	802	819	1,328	1,394	4.7	-
Murray Japan Growth	759	799	1,328	1,394	4.3	0.2
HSBC Japan Growth	737	795	1,466	1,973	5.4	0.5
NatWest Japan Acc	714	785	1,328	1,394	5.1	-

Far East inc Japan

Index	1994	1995	1996	1997	Volatility	Yield
Govett Greater China	1,087	1,132	2,246	3,142	4.3	-
Abtrust Pacific	874	1,067	2,005	3,335	4.2	0.3
Martin Currie Far East	932	1,002	1,818	2,249	4.4	0.2
Thomson International Income Inc	951	988	1,882	2,244	3.6	3.6
GAM Far East Inc	850	985	1,828	3,098	4.3	0.2

Far East exc Japan

Index	1994	1995	1996	1997	Volatility	Yield
HSBC Hong Kong Growth	1,282	1,536	3,634	5,856	6.6	0.9
GT Orient Acc	1,173	1,351	3,293	5,856	6.0	0.1
Credit Suisse Orient Acc	984	1,307	3,293	5,856	6.2	-
HSBC Singapore & Malaysian Gth	940	1,274	2,463	5,856	6.8	-
INVESTCO Hong Kong & China	1,185	1,248	2,886	3,758	6.4	0.5

Commodity & Energy

Index	1994	1995	1996	1997	Volatility	Yield
M&G Australasian & General Acc	1,127	1,287	2,087	1,673	5.3	1.7
M&G Commodity & General	953	1,210	2,187	2,340	4.5	0.3
Save & Prosper Commodity	904	1,029	1,879	2,026	5.5	-
Save & Prosper Gold & Exp'n	918	1,025	2,022	2,115	5.6	-
HSBC Natural Resources	815	974	1,566	1,744	4.6	0.4

Best Peps

Index	1994	1995	1996	1997	Volatility	Yield
Jupiter European	1,210	1,896	3,078	3,078	3.4	0.2
Johnson Fry Sister Growth	1,439	1,843	2,225	2,225	3.8	0.9
Gartmore UK Smaller Companies	1,313	1,821	2,514	2,480	3.5	0.2
Jupiter Income	1,187	1,780	2,488	2,488	2.9	4.0
Jupiter UK Growth	1,149	1,733	2,125	2,125	3.3	1.8

Money Mkt

Index	1994	1995	1996	1997	Volatility	Yield
Midland Money Market	1,046	1,140	1,251	1,251	0.2	5.2
M&G Treasury	1,046	1,140	1,251	1,251	0.1	5.9
Newtown Cash Acc	1,044	1,138	1,256	1,256	0.2	5.3
CIJ Deposit	1,043	1,135	1,256	1,256	0.0	5.3
Mercury Cash Acc	1,044	1,134	1,256	1,256	0.0	5.8

Investment Trust Units

Investment Trust Units						
Quilter Investment Trusts Inc	1140	1310	2428	-	3.4	0.6
Quilter High Inc Inv Trst Acc	1138	1224	-	-	2.9	3.4
Singer & Friedlander Inv Trs Pl	1058	1189	-	-	2.7	2.3
Equitable Trust of Invest Trsts	1058	1188	2157	2832	2.9	1.2
M&G Fund of Investment Trusts	1056	1186	2045	2751	3.4	1.7

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 873 4378 for more details.

<p>British American Bond Fund (12/20/95) Assets Under Management: £1,200,000,000 Units: 100,000,000 Unit Price: 1.20 NAV: 1.18 Dividend Yield: 4.5% Capital Gain: 12.5%</p> <p>European Growth Fund (12/20/95) Assets Under Management: £800,000,000 Units: 80,000,000 Unit Price: 0.80 NAV: 0.78 Dividend Yield: 3.2% Capital Gain: 15.0%</p> <p>Global Equity Fund (12/20/95) Assets Under Management: £1,500,000,000 Units: 150,000,000 Unit Price: 1.50 NAV: 1.45 Dividend Yield: 5.0% Capital Gain: 10.0%</p> <p>UK Equity Fund (12/20/95) Assets Under Management: £900,000,000 Units: 90,000,000 Unit Price: 0.90 NAV: 0.88 Dividend Yield: 3.5% Capital Gain: 14.0%</p> <p>World Bond Fund (12/20/95) Assets Under Management: £1,100,000,000 Units: 110,000,000 Unit Price: 1.10 NAV: 1.08 Dividend Yield: 4.0% Capital Gain: 11.0%</p>	<p>British American Bond Fund (12/20/95) Assets Under Management: £1,200,000,000 Units: 100,000,000 Unit Price: 1.20 NAV: 1.18 Dividend Yield: 4.5% Capital Gain: 12.5%</p> <p>European 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Capital Gain: 11.0%</p>	<p>British American Bond Fund (12/20/95) Assets Under Management: £1,200,000,000 Units: 100,000,000 Unit Price: 1.20 NAV: 1.18 Dividend Yield: 4.5% Capital Gain: 12.5%</p> <p>European Growth Fund (12/20/95) Assets Under Management: £800,000,000 Units: 80,000,000 Unit Price: 0.80 NAV: 0.78 Dividend Yield: 3.2% Capital Gain: 15.0%</p> <p>Global Equity Fund (12/20/95) Assets Under Management: £1,500,000,000 Units: 150,000,000 Unit Price: 1.50 NAV: 1.45 Dividend Yield: 5.0% Capital Gain: 10.0%</p> <p>UK Equity Fund (12/20/95) Assets Under Management: £900,000,000 Units: 90,000,000 Unit Price: 0.90 NAV: 0.88 Dividend Yield: 3.5% Capital Gain: 14.0%</p> <p>World Bond Fund (12/20/95) Assets Under Management: £1,100,000,000 Units: 110,000,000 Unit Price: 1.10 NAV: 1.08 Dividend Yield: 4.0% Capital Gain: 11.0%</p>	<p>British American Bond Fund (12/20/95) Assets Under Management: £1,200,000,000 Units: 100,000,000 Unit Price: 1.20 NAV: 1.18 Dividend Yield: 4.5% Capital Gain: 12.5%</p> <p>European Growth Fund (12/20/95) Assets Under Management: £800,000,000 Units: 80,000,000 Unit Price: 0.80 NAV: 0.78 Dividend Yield: 3.2% Capital Gain: 15.0%</p> <p>Global Equity Fund (12/20/95) Assets Under Management: £1,500,000,000 Units: 150,000,000 Unit Price: 1.50 NAV: 1.45 Dividend Yield: 5.0% Capital Gain: 10.0%</p> <p>UK Equity Fund (12/20/95) Assets Under Management: £900,000,000 Units: 90,000,000 Unit Price: 0.90 NAV: 0.88 Dividend Yield: 3.5% Capital Gain: 14.0%</p> <p>World Bond Fund (12/20/95) Assets Under Management: £1,100,000,000 Units: 110,000,000 Unit Price: 1.10 NAV: 1.08 Dividend Yield: 4.0% Capital Gain: 11.0%</p>	<p>British American Bond Fund (12/20/95) Assets Under Management: £1,200,000,000 Units: 100,000,000 Unit Price: 1.20 NAV: 1.18 Dividend Yield: 4.5% Capital Gain: 12.5%</p> <p>European Growth Fund (12/20/95) Assets Under Management: £800,000,000 Units: 80,000,000 Unit Price: 0.80 NAV: 0.78 Dividend Yield: 3.2% Capital Gain: 15.0%</p> <p>Global Equity</p>
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FT MANAGED FUNDS SERVICE

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Money Market Trust Funds

	Quam	Est	Cost	Est
Coltish Ltd (Sight Interest Cheque Account)				
Notes 100, 000 Sterling			0.772	1.000
Coltish Ltd	0.50		0.50	1.00
Remittance order 25 notes	0.50		0.50	1.00
Remittance order 25 notes	0.50		0.50	
The CMB Christian Deposit Fund				
2 Park Street, London EC2V 8AD			0.772	1.000
049495	0.50		0.50	2.00
Cost. Est. of P.C. of Church of England				
2 Park Street, London EC2V 8AD			0.772	1.000
049495	0.50		0.50	2.00

Money Market Bank Accounts

[illegible]

	12/31/00	12/31/01	12/31/02
Bank of Scotland			
30 Throckmold St. RCT MD			0000 K238
1000 Capital Centre	1.30	4.40	5.84
1000 Old Town Rd	4.38	1.60	4.80
120000-124000	4.35	3.40	4.13
12500-124000	1.30	2.80	2.35
Bank of Scotland			
30 Throckmold St. RCT MD			0000 K238

1000-1000-1000-1000	5.50	4.40	5.50	5.50
1000-1000-1000-1000	4.50	3.60	4.50	4.50
1000-1000-1000-1000	3.50	2.80	3.50	3.50
1000-1000-1000-1000	3.00	2.40	3.00	3.00
Brown Shipping & Co. Ltd				
Freighters, Coal, Lumber, London	100	100	100	100
1000-1000-1000-1000	4.50	3.60	4.50	4.50
1000-1000-1000-1000	4.00	3.20	4.00	4.00
1000-1000-1000-1000	3.50	2.80	3.50	3.50

1700,000 + 7 Mm Depts.	3.75	4.00	1.25
1700,000 + 3 Mm Depts.	3.75	4.00	1.25
Calder Allen Ltd			
20 Wythe Lane, London EC2N 2QJ			0171-623 2071
CHCA	4.00	3.25	4.50
CHCA	4.00	3.25	4.50
Peatman Architects	1.25		2.50
Overweight 230,000	3.50		2.50
Chatterbox Bank Limited			

1 Polysynthetic Resin, GCARF 7000		\$0.71-1.49 4000
120,000-170,000	0.50	0.80
170,000-220,000	0.55	0.90
220,000-270,000	0.60	1.00
270,000-320,000	0.65	1.10
320,000-370,000	0.70	1.20
370,000-420,000	0.75	1.30
420,000-470,000	0.80	1.40
470,000-520,000	0.85	1.50
520,000-570,000	0.90	1.60
570,000-620,000	0.95	1.70
620,000-670,000	1.00	1.80
670,000-720,000	1.05	1.90
720,000-770,000	1.10	2.00
770,000-820,000	1.15	2.10
820,000-870,000	1.20	2.20
870,000-920,000	1.25	2.30
920,000-970,000	1.30	2.40
970,000-1,020,000	1.35	2.50
1,020,000-1,070,000	1.40	2.60
1,070,000-1,120,000	1.45	2.70
1,120,000-1,170,000	1.50	2.80
1,170,000-1,220,000	1.55	2.90
1,220,000-1,270,000	1.60	3.00
1,270,000-1,320,000	1.65	3.10
1,320,000-1,370,000	1.70	3.20
1,370,000-1,420,000	1.75	3.30
1,420,000-1,470,000	1.80	3.40
1,470,000-1,520,000	1.85	3.50
1,520,000-1,570,000	1.90	3.60
1,570,000-1,620,000	1.95	3.70
1,620,000-1,670,000	2.00	3.80
1,670,000-1,720,000	2.05	3.90
1,720,000-1,770,000	2.10	4.00
1,770,000-1,820,000	2.15	4.10
1,820,000-1,870,000	2.20	4.20
1,870,000-1,920,000	2.25	4.30
1,920,000-1,970,000	2.30	4.40
1,970,000-2,020,000	2.35	4.50
2,020,000-2,070,000	2.40	4.60
2,070,000-2,120,000	2.45	4.70
2,120,000-2,170,000	2.50	4.80
2,170,000-2,220,000	2.55	4.90
2,220,000-2,270,000	2.60	5.00
2,270,000-2,320,000	2.65	5.10
2,320,000-2,370,000	2.70	5.20
2,370,000-2,420,000	2.75	5.30
2,420,000-2,470,000	2.80	5.40
2,470,000-2,520,000	2.85	5.50
2,520,000-2,570,000	2.90	5.60
2,570,000-2,620,000	2.95	5.70
2,620,000-2,670,000	3.00	5.80
2,670,000-2,720,000	3.05	5.90
2,720,000-2,770,000	3.10	6.00
2,770,000-2,820,000	3.15	6.10
2,820,000-2,870,000	3.20	6.20
2,870,000-2,920,000	3.25	6.30
2,920,000-2,970,000	3.30	6.40
2,970,000-3,020,000	3.35	6.50
3,020,000-3,070,000	3.40	6.60
3,070,000-3,120,000	3.45	6.70
3,120,000-3,170,000	3.50	6.80
3,170,000-3,220,000	3.55	6.90
3,220,000-3,270,000	3.60	7.00
3,270,000-3,320,000	3.65	7.10
3,320,000-3,370,000	3.70	7.20
3,370,000-3,420,000	3.75	7.30
3,420,000-3,470,000	3.80	7.40
3,470,000-3,520,000	3.85	7.50
3,520,000-3,570,000	3.90	7.60
3,570,000-3,620,000	3.95	7.70
3,620,000-3,670,000	4.00	7.80
3,670,000-3,720,000	4.05	7.90
3,720,000-3,770,000	4.10	8.00
3,770,000-3,820,000	4.15	8.10
3,820,000-3,870,000	4.20	8.20
3,870,000-3,920,000	4.25	8.30
3,920,000-3,970,000	4.30	8.40
3,970,000-4,020,000	4.35	8.50
4,020,000-4,070,000	4.40	

Chambers Bank Flexible Solutions **Apr**
 30 in Month Plan, Manager 1st 20% 0441-246 7877

100,000-249,999	2.75	2.25	2.75	05
250,000-499,999	3.50	2.50	2.85	10
500,000 and over	3.50	3.12	2.95	05

The Co-operative Bank
 PO Box 302, Southampton, LA9 6PP 0905 253000

Product	Unit	Price	Quantity	Total
Protein - Beef (per 100 lbs)	100 lbs	4.25	1	4.25
Protein - Pork (per 100 lbs)	100 lbs	3.75	1	3.75
Protein - Chicken (per 100 lbs)	100 lbs	3.50	1	3.50
Protein - Turkey (per 100 lbs)	100 lbs	3.25	1	3.25
Protein - Fish (per 100 lbs)	100 lbs	3.00	1	3.00
Protein - Eggs (per 100 lbs)	100 lbs	2.75	1	2.75
Protein - Dairy (per 100 lbs)	100 lbs	2.50	1	2.50
Protein - Grains (per 100 lbs)	100 lbs	2.25	1	2.25
Protein - Fats (per 100 lbs)	100 lbs	2.00	1	2.00
Protein - Others (per 100 lbs)	100 lbs	1.75	1	1.75

See us for more products. For more information, call 1-800-555-1234.

\$100,000 - \$200,000	6.00	4.25	Variable
\$200,000 - \$300,000	5.50	4.75	Variable
\$300,000 - \$400,000	5.00	4.75	Variable
\$400,000 - \$500,000	5.25	4.75	Variable
\$500,000 - \$600,000	5.25	4.00	Variable
\$70,000+	5.00	4.00	Variable

Combs & Co
440 South Lincoln Highway
Orion Corporate Center/for office only
8671-753 1200

Born Hong HK & Land Plots Overseas	Tai Hic Ltd
10 Angus Court, London WC2R 2JF	01-71-628 1810
Premier Account	
£25,000 - £50,000	5.00 4.4 5.00 On
£50,001 - £75,000	4.75 3.9 4.84 On
£75,001 - £100,000	4.50 3.6 4.52 On
Savings Accounts	3.25 2.8 3.25 On

Fidelity Money Market Accounts			
Fidelity Investments Securities, Incorporated, Boston, MA			
Interest-Bearing Money Market Accounts			
F1-2500	1.500	0.000	1.504
F1,000-25,000	4.000	3.250	4.000
250,000-250,000	4.500	3.800	4.577
250,000-250,000	5.000	4.000	5.000
F100,000+	5.250	4.100	5.302

\$250,000 - Money Market Return on Deposit
 \$100,000 - Money Market Return on Deposit

FURNISHING WITH 20% SPECIAL FINANCING CHARGES APR			
Trinity West, Dallas TX 75203 01-422 336233			
Rates for personal equipment			
\$20,000 to \$25,000	4.50	3.82	4.50
\$25,000 to \$30,000	4.82	3.68	4.58
\$30,000 to \$35,000	5.15	3.49	4.32
\$35,000 to \$40,000	5.35	3.24	3.80
Rates for non-personal equipment			
\$20,000 to \$25,000	5.30	3.44	4.37
\$25,000 to \$30,000	5.35	3.26	3.91
\$30,000 to \$35,000	5.35	3.05	3.55

2.000000 to 2.999999	3.50	2.50	3.50	On
3.000000 to 3.999999	3.50	2.50	3.50	On
4.000000 to 4.999999	3.50	2.50	3.50	On
5.000000 to 5.999999	3.50	2.50	3.50	On
6.000000 to 6.999999	3.50	2.50	3.50	On
7.000000 to 7.999999	3.50	2.50	3.50	On
8.000000 to 8.999999	3.50	2.50	3.50	On
9.000000 to 9.999999	3.50	2.50	3.50	On
10.000000 to 10.999999	3.50	2.50	3.50	On
11.000000 to 11.999999	3.50	2.50	3.50	On
12.000000 to 12.999999	3.50	2.50	3.50	On
13.000000 to 13.999999	3.50	2.50	3.50	On
14.000000 to 14.999999	3.50	2.50	3.50	On
15.000000 to 15.999999	3.50	2.50	3.50	On
16.000000 to 16.999999	3.50	2.50	3.50	On
17.000000 to 17.999999	3.50	2.50	3.50	On
18.000000 to 18.999999	3.50	2.50	3.50	On
19.000000 to 19.999999	3.50	2.50	3.50	On
20.000000 to 20.999999	3.50	2.50	3.50	On
21.000000 to 21.999999	3.50	2.50	3.50	On
22.000000 to 22.999999	3.50	2.50	3.50	On
23.000000 to 23.999999	3.50	2.50	3.50	On
24.000000 to 24.999999	3.50	2.50	3.50	On
25.000000 to 25.999999	3.50	2.50	3.50	On
26.000000 to 26.999999	3.50	2.50	3.50	On
27.000000 to 27.999999	3.50	2.50	3.50	On
28.000000 to 28.999999	3.50	2.50	3.50	On
29.000000 to 29.999999	3.50	2.50	3.50	On
30.000000 to 30.999999	3.50	2.50	3.50	On
31.000000 to 31.999999	3.50	2.50	3.50	On
32.000000 to 32.999999	3.50	2.50	3.50	On
33.000000 to 33.999999	3.50	2.50	3.50	On
34.000000 to 34.999999	3.50	2.50	3.50	On
35.000000 to 35.999999	3.50	2.50	3.50	On
36.000000 to 36.999999	3.50	2.50	3.50	On
37.000000 to 37.999999	3.50	2.50	3.50	On
38.000000 to 38.999999	3.50	2.50	3.50	On
39.000000 to 39.999999	3.50	2.50	3.50	On
40.000000 to 40.999999	3.50	2.50	3.50	On
41.000000 to 41.999999	3.50	2.50	3.50	On
42.000000 to 42.999999	3.50	2.50	3.50	On
43.000000 to 43.999999	3.50	2.50	3.50	On
44.000000 to 44.999999	3.50	2.50	3.50	On
45.000000 to 45.999999	3.50	2.50	3.50	On
46.000000 to 46.999999	3.50	2.50	3.50	On
47.000000 to 47.999999	3.50	2.50	3.50	On
48.000000 to 48.999999	3.50	2.50	3.50	On
49.000000 to 49.999999	3.50	2.50	3.50	On
50.000000 to 50.999999	3.50	2.50	3.50	On
51.000000 to 51.999999	3.50	2.50	3.50	On
52.000000 to 52.999999	3.50	2.50	3.50	On
53.000000 to 53.999999	3.50	2.50	3.50	On
54.000000 to 54.999999	3.50	2.50	3.50	On
55.000000 to 55.999999	3.50	2.50	3.50	On
56.000000 to 56.999999	3.50	2.50	3.50	On
57.000000 to 57.999999	3.50	2.50	3.50	On
58.000000 to 58.999999	3.50	2.50	3.50	On
59.000000 to 59.999999	3.50	2.50	3.50	On
60.000000 to 60.999999	3.50	2.50	3.50	On
61.000000 to 61.999999	3.50	2.50	3.50	On
62.000000 to 62.999999	3.50	2.50	3.50	On
63.000000 to 63.999999	3.50	2.50	3.50	On
64.000000 to 64.999999	3.50	2.50	3.50	On
65.000000 to 65.999999	3.50	2.50	3.50	On
66.000000 to 66.999999	3.50	2.50	3.50	On
67.000000 to 67.999999	3.50	2.50	3.50	On
68.000000 to 68.999999	3.50	2.50	3.50	On
69.000000 to 69.999999	3.50	2.50	3.50	On
70.000000 to 70.999999	3.50	2.50	3.50	On
71.000000 to 71.999999	3.50	2.50	3.50	On
72.000000 to 72.999999	3.50	2.50	3.50	On
73.000000 to 73.999999	3.50	2.50	3.50	On
74.000000 to 74.999999	3.50	2.50	3.50	On
75.000000 to 75.999999	3.50	2.50	3.50	On
76.000000 to 76.999999	3.50	2.50	3.50	On
77.000000 to 77.999999	3.50	2.50	3.50	On
78.000000 to 78.999999	3.50	2.50	3.50	On
79.000000 to 79.999999	3.50	2.50	3.50	On
80.000000 to 80.999999	3.50	2.50	3.50	On
81.000000 to 81.999999	3.50	2.50	3.50	On
82.000000 to 82.999999	3.50	2.50	3.50	On
83.000000 to 83.999999	3.50	2.50	3.50	On
84.000000 to 84.999999	3.50	2.50	3.50	On
85.000000 to 85.999999	3.50	2.50	3.50	On
86.000000 to 86.999999	3.50	2.50	3.50	On
87.000000 to 87.999999	3.50	2.50	3.50	On
88.000000 to 88.999999	3.50	2.50	3.50	On
89.000000 to 89.999999	3.50	2.50	3.50	On
90.000000 to 90.999999	3.50	2.50	3.50	On
91.000000 to 91.999999	3.50	2.50	3.50	On
92.000000 to 92.999999	3.50	2.50	3.50	On
93.000000 to 93.999999	3.50	2.50	3.50	On
94.000000 to 94.999999	3.50	2.50	3.50	On
95.000000 to 95.999999	3.50	2.50	3.50	On
96.000000 to 96.999999	3.50	2.50	3.50	On
97.000000 to 97.999999	3.50	2.50	3.50	On
98.000000 to 98.999999	3.50	2.50	3.50	On
99.000000 to 99.999999	3.50	2.50	3.50	On
100.000000 to 100.999999	3.50	2.50	3.50	On

[illegible]

Phoenix 12844	0.97	5.78	7.20	Yearly
Classic Tense	0.94	4.76	6.10	Yearly
Pioneer Fender	0.97	5.52	7.20	Yearly

Langford Joseph & Sons Limited
 29 Graham Street, London EC2V 7EA 0171 586 3323
 Treasury High Interest Charge Account

£25,000-£50,000	0.45	4.00	5.8946	On
£50,001 plus	0.25	4.20	5.9544	On

Midwest Monson Private Bank

[illegible]

National High Soc - Business Investor		Eastern High Interest Chain Account		FDIC 302995	
Plan No.	Balance	DCB	ISB		
\$2,000-\$4,999	2.60	2.40	3.05	ON	
\$5,000-\$9,999	2.40	2.72	3.44	ON	
\$10,000-\$24,999	3.80	3.06	3.85	ON	
\$25,000-\$49,999	4.20	3.88	4.27	ON	
\$50,000+	4.50	3.90	4.58	ON	

Royal Bank of Scotland plc			
Corporate Money Market Annual			
43 St Andrew Square, Edinburgh EH2 2Y			
			6121 122 9861
£100,000 - £250,000	3.50	3.80	ON
£250,000 - £500,000	4.25	4.40	ON
£500,000 - £1,000,000	4.65	4.80	ON
£1,000,000 - £1,500,000	5.00	5.15	ON
£1,500,000 - £2,000,000	5.20	5.35	ON

FL1000,000	8.75	4.00	5.00	1000
FL2000,000 - 2900,000	8.00	4.00	5.01	1000

Serra & Francis Robert Fleming
 10-22 Western Rd, Randolph MA 01545

CHRG Account	4.50	3.00	4.00	City
TEESA Plant 1 Year	6.00	-	5.00	County
TEESA Variable	5.00	-	5.00	State

Reserve Asst. Sec.

Investment Plan 2 (30000000)	3.49	2.72	3.43	NEW
Investment Account (2250000)	5.05	4.80	5.82	NEW

J. Henry Schroder & Co Ltd/Special Account
 120 Chestnut, London EC3N 3EN 0171-555.5551
 £2,000-£5,000 4.90 3.99 5.04
 £10,000 and above 5.30 4.15 5.525
 Fixed Deposit Rates - subject to request

United Dominions Trust Ltd
 200 West 90th Street, New York, NY 10024

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...the ...

... ..

April 1997

FT

WEEKEND

MARCH 29 - 31 1997



Scrambled Easter

'An egg still warm from laying is too fresh for some cooking purposes. If fried, it will run and spit in the pan'

Page XII



The Titan unwinds

'Today the festivals are a mixture of magic and myth, ribaldry and religion - quintessentially Japanese'

Page XIX



Born to play

'Like Bjorn Borg, Hingis possesses that fierce will to win that drives champions to the limits of endurance'

Page XX

The US should be enjoying a peace dividend rather than an unease dividend, says Gerard Baker

What do the following have in common? The Oklahoma City bombing; the enormous popularity among Americans of the television series *The X-Files*; the near disappearance of inflation; the US economy; and the gentle lowering of the US president last week from Air Force One in a Finnair catering truck at Helsinki airport.

The Finnish capital was once a place where superpowers met and haggled over the future of the world. Last week, President Bill Clinton, hobbling after injuring himself during a golfing holiday, went to the same city to be polite to Russian leader Boris Yeltsin and his fellow officials, treating them with the superpower status that they have forfeited.

It was significant that Clinton did not resort to theatrical devices to convince the audience that he was in rude good health, as many of his presidential predecessors have done. Standing up to the Russians is no longer a symbolic necessity. But, at the moment when the US should be quietly celebrating its supremacy, the country is constrained by a health problem - and it has nothing to do with Clinton's wounded knee.

If the country had a therapist, the complaint could be defined as a virulent strain of unease, perhaps of national insecurity. It is not a new condition but it has, potentially, a much more profound implication than previous American outbreaks.

The obvious side-effect is the limited ability of US citizens to savour superpower status, and to meet the responsibilities it requires. The Moscow threat has faded - about 23 per cent of Americans assume that Russia is already a member of NATO, according to the Program on International Policy Attitudes.

But the country is challenged, even haunted, by the "enemy within". The apparent mass suicide in San Diego this week of 39 people, members of a quasi-religious cult and workers at an Internet website design company, is hardly typical of American life, nor is it reassuring.

The insecurity, as evident to daily life as it is in public policy, is all the more inescapable since it comes when the US has found long-term, non-inflationary economic growth and a stock market that registers more records than the Boston Pops Orchestra. Yet Americans are fearful of their personal prospects, worried about relationships with each other and uncertain of their place in the world.

As it is the US, the country does have the benefit of opinion polls to measure the uneasiness. A survey last year for CNN, the television news channel, showed that nearly two-thirds of Americans believe the "American dream" has become almost impossible to achieve.

Even as they were resoundingly re-electing Clinton, in a November climate of peace and prosperity, half of US citizens told pollsters that the country was in "deep and serious trouble".

It was predictable, if not fair, that initial news reports should imply that the Oklahoma bombing two years ago, in which 168 people died, was the work of "terrorists", with all the obvious Islamic and Arab connota-



The Uncertain States

tions. And it was understandable that the country was shaken when the finger of blame was pointed at homegrown bombers with a grudge against government.

The investigation, and preparation for the resulting court case, which begins next week, highlighted the handiwork of psychotic right-wing, quasi-military groups convinced that the federal government, in collusion with the United Nations, was plotting to assume dictatorial powers over ordinary citizens. This event has had far more influence on the country's self-image than generally recognised.

In the aftermath, it became obvious that such fringe groups have flourished in the last 10 years. More disturbingly, their central message has much in common with the resurgence of a powerful anti-government sentiment in mainstream America. Although few subscribe to the violent methods of the militia, 11m Americans, polls consistently suggest, regard government as "the enemy".

Distrust, even hatred, of government overlaps with the success of *The X-Files*, as it might in a script of the eerie television programme itself. A Newsweek magazine poll reported that 48 per cent of Americans believe in unidentified flying objects. Of those, almost two-thirds believe that the US government is in secret contact with aliens.

That this is part of the popular coinage was well demonstrated by a vignette from last year's successful film *Independence Day*, in which the US president discovers that his military staff had indeed covered up their contacts with extra-terrestrials.

The X-Files, of course, has caught the imagination of television audiences everywhere. But in the US, the programme's success seems to owe much to an inability by some viewers to distinguish fact from fiction.

The programme's central theme - the US government's possession of secret information about the presence of paranormals - chimes with the supermarket magazine, tabloid television and the proliferation of paranormal pages on the Internet.

The Internet has allowed users to air their insecurities, to document them, and

to have them seconded by sympathisers in another state, or country. Wild rumours and unsubstantiated fears have a currency that transient, gossiping conversations on the telephone could never have granted.

This is documented information fuelled by half-thoughts, half-remembered statistics and the need to say something to contribute. It has led vulnerable users to the belief that Washington is full of plotters, somehow behind the crash of TWA Flight 800 and the outcome of the O.J. Simpson trial. A tangle of the Internet, using a popular search facility, stops counting at 80,000 when asked for the total of web sites with the words "UFO" and "aliens". The vast majority of these pages are

US based. Even if you accept that flying saucers are the fear of the fringe, there is another, deeper layer of unease that baffles and bewilders a separate sector of scientists: the economists.

The US economy, in a manner almost unprecedented in the post-war era, has shown no obvious signs of inflation, in spite of a long period of robust economic growth and a small rise in official interest rates this week.

The explanation, according to Alan Greenspan, the chairman of the Federal Reserve, is that there is very little pressure on wages.

But unemployment stands at close to a seven-year low, and the US economy is enjoying its third longest expansion in history. US businesses are only just beginning to exploit their potential in world markets.

And more Americans are benefiting directly from the stock market than ever before. Thanks to the growth of mutual funds, the spread of stock market wealth has now reached almost half the US population.

By most standards, Americans have less to worry about than they did five or 10 years ago. Even the great social scourges of the past seem to have lost their sting. Murders in large cities fell by 7 per cent in the first half of last year and, for the whole year, New York reported fewer than 1,000 murders for the first time since 1968.

Drug use, generally, appears to have stabilised. And deaths from AIDS, which it was once feared would wipe out up to a fifth of the US population, fell 13 per cent in the first half of last year - the first reduction since the epidemic began in 1981.

The absence of an external threat has turned the questioning and creative energies inward. The country has found a lot to worry about, and created the forums in which this worry is socially acceptable, if not encouraged.

It might be sensible to admit to your problems, to confess. "Therapy" serves a purpose more than is allowed in the ironic usage of the word. But private confessions have become public statements on an ever grander scale. The self-help books that cover the bookshelves and the awfulness of television agony aunts

are now complemented by computers and interactive agony.

And, to pull together two apparently unconnected strands, the effectiveness of these media have expanded as rapidly as the threats of Russian communism and Japanese economic efficiency have receded. China has emerged again as a "threat". The Democratic party is denying widely reported allegations that Beijing has bought influence in Washington, while the book *The Coming Conflict with China*, said to be non-fiction, has been a big seller in recent months.

Tom Clancy, the popular thriller writer, confronted with the end of the principal source of his Cold Warrior stories, turned first to Japan, then to Irish republican terrorism, then to Colombian drug cartels.

Personal insecurity has played a big role in unsettling the population. Crime has become so embedded in the American consciousness that it has been shown in some surveys that a clear majority of Americans think about the threats to their own safety several times a day, even though the crime rate is falling.

Widespread gun ownership is a fact of American life, but it is worth noting that an estimated 220m guns are in circulation.

Whatever the cause of the insecurity, its effect on America's ability to play its full role in the post-Cold War world is profound. Instead of a country at ease with itself, taking the political and economic lead, America has become distracted. It is almost as if Americans, who have so often defined themselves as defenders of the American Way, have lost

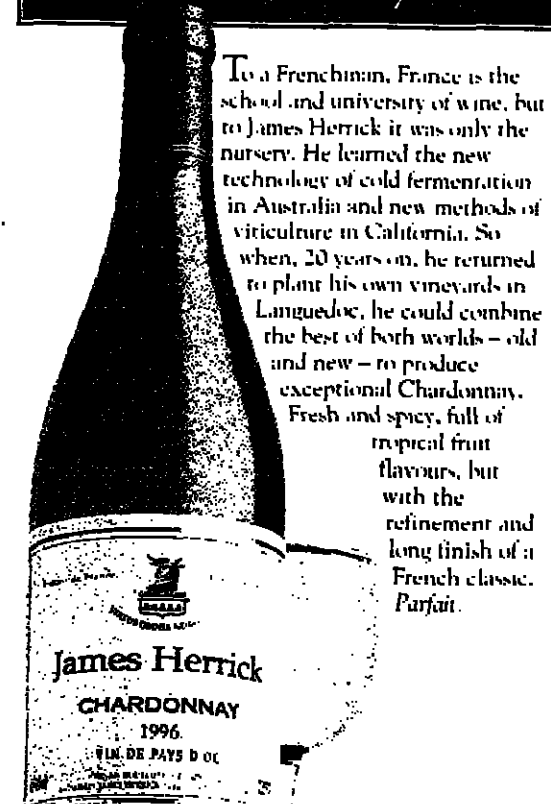
their way, and are unsure of their own identity.

This is the Unease Dividend that has followed the Cold war. Perhaps this insecurity shows that much of what was positive in the US was made tangible only when thrown in relief against the negatives of the Soviet Union. When there was a real threat, the possibility of communist

domination of the world, phobias were not only forgivable, they were a source of strength for the world.

The fears have not disappeared with the threat. This is an unhealthy state of mind for the world superpower. It is a problem that needs to be talked through, on television, on the Internet, in Washington, anywhere.

Australian savoir faire.
Californian je ne sais quoi.
The perfect French Chardonnay



James Herrick
CHARDONNAY
1996
750 ml (25.36 fl. oz.)
100% VINO DE UVA
CHARDONNAY

This week's contents and columnists

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Christian Tyler

Vive la différence!

'We are much closer to apes (we are helplessly social) than we like to admit'

Page III

True Fiction

Betting men

'This was clearly the wrong thing to say. I could have been excommunicated on the spot'

Page XXIV

PERSPECTIVES

Sue Bishop only rang Charlie Waite, the eminent landscape photographer, to see if he ran any residential photography workshops she could attend.

She got more than she bargained for: "I put the telephone down half an hour later having somehow agreed to organise and advertise a workshop myself in the Lake District."

The two-day event, which Waite would attend, was then mentioned in the Practical Photography magazine. It prompted such a response that Bishop had to call Waite 48 hours after the article appeared to tell him the two-day workshop was fully booked and ask him if he could do two more straight afterwards.

He could, and the three workshops, held eight months later in October 1994, were such a success that Bishop, 38, set up Light & Land Photographic Holidays and Workshops as a limited company in January 1995 to run more workshops and holidays.

Bishop was trained as a solicitor but had never practised, as her husband Richard's job as an auctioneer had taken them to New York. They returned to England in 1987 and she concentrated on her growing family of three girls, now 11, nine and six.

"The business start-up was timed perfectly," she said. "My youngest daughter was just starting playgroup and, as business picked up, she moved on to full-time school."

Bishop's legal background helped her in setting up Light & Land, based in the dining room of her semi-detached home in Redhill, Surrey, and in drawing up the terms and conditions of the workshops and holidays.

"It saved me £250 in solicitors' fees," she says. It also helped her in setting up a trust account, with a local solicitor as trustee, to protect money paid for the holidays. "We cannot take it out until after the holiday," she says.

Bishop and her husband are directors, with Waite as the majority shareholder. "If we feel there is enough in the account, Charlie and I



Focused and determined: Charlie Waite and Sue Bishop encourage their clients to exhibit and sell their work whenever possible

Minding Your Own Business

Holiday snaps with a difference

Grania Langdon-Down reports on a photographic company with a new angle

have a pay-out," she says. "We are not taking salaries as such at the moment." She organised their first foreign holiday in April 1995 to Tuscany, taking 12 people for a week at a cost of £790 per person, covering everything except airfares.

Bishop then had the idea of inviting everyone on the holiday to exhibit two of their favourite photographs from the trip at a one-day exhibition in London. This proved so successful that the following year it ran for three weeks and one client did so well with sales of his prints that he recouped nearly half the cost of his holiday.

The next step was to run two workshops in the Lake District in October 1995, with 18 people on the course each paying £195 for the two days.

This was followed by a trip for 14 people to Venice in January 1996, hosted again by Bishop and Waite. A visit to Tuscany three months later, however, only attracted seven people.

"I think we had set back on our laurels a bit because it had all been going well and we had not increased our advertising," she says.

"We have really had to build it up and have started advertising in an American photographic magazine. It costs £800 a time but the

response has been very good and the proportion who go on to book is much higher than in the UK.

"There seems to be a whole ethos in the US about spending money on your interests and going on specialist holidays which is much more accepted than it is in the UK."

Bishop now has three more photographers leading holidays and workshops, including Laurie Campbell, the nature and wildlife photographer, and the landscape photographers Joe Cornish and Michael Busselle.

She has also doubled the number of holidays on offer and added new locations, including the Farnes Islands, Scotland and Oxford. Most of the trips are either already fully or three-quarters booked.

One of the holidays in Oxford is for Americans only. In 1996, Bishop is planning to go even further afield with holidays in the US, South Africa and New Zealand.

"We really need to have something happening every month to generate enough income."

The growth of the company can be seen in its turnover - £25,000 in its first year to February 1996. The cost of putting on the hol-

days that year was about £15,000, leaving a gross profit of just under £10,000.

Turnover to February 1997 was £32,000 and Bishop estimates it will be £50,000 for the coming year.

The figures for the second year are still with the accountant but Bishop says they had ploughed everything back into the business and it would not be until this coming year that profits were likely to grow substantially.

"The one thing we have had to spend money on is recommitment. We never go to a place cold."

Bishop and Waite are very keen to encourage clients to

put their photographs to good use and have set up a photographic library called Light & Land Images, in order to sell pictures to commercial buyers, such as magazines and advertisers. Half the proceeds go to the client and half to Light & Land. So far 75 people have submitted between 10 and 30 photographs each.

Bishop recently arranged two seminars in London and Leeds, each attended by about 100 people, which provided another important spin-off.

One of the seminars' sponsors, Hasselblad, which gave £200 towards their running costs, has agreed to insert

Bishop's new brochure into its next magazine, which is distributed to 17,000 people.

"The postage alone on that sort of number would be about £3,500. We printed 3,000 of our first brochure. The print run for our new one is 21,000," says Bishop.

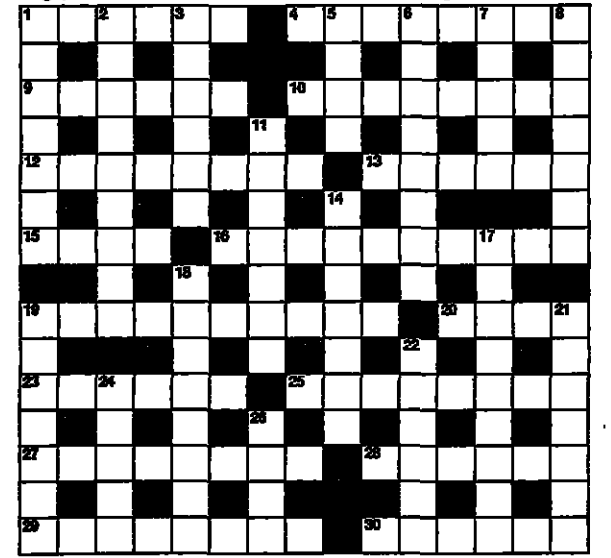
"My one warning to others setting up on their own is not to relax too early if things are going well. You can suddenly find the business is not growing as you want it to. You must always keep pushing."

Light & Land Ltd, 42 Fenwick Road, Redhill, Surrey RH7 6AH. Tel: 01737-762222. Fax: 01737-779944.

CROSSWORD

No. 9336 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution, and a five runner-up prizes of £25 Pelikan vouchers. Solutions by Wednesday April 9, marked Crossword 9336 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 12.



Name: _____
Address: _____

- ACROSS**
- Heavy Artillery starts - lighter piece to follow - be quick (6)
 - Digits increased for encouragement (6)
 - All Medical Officers' bent is for winter sport (6)
 - Indication of vocation that determines identity (4,4)
 - Poor fellow from the subcontinent, say (6)
 - Babe in arms, as it were, with a large basin (6)
 - Indication of winter at the pole for the present (4)
 - Bill's going to place bet wrongly - I'm all right (10)
 - Winter visitor awaited for the present (5)
 - Not yet up for the Lincoln, first of Doncaster races (4)
 - Scrape a beard with a coil (6)
 - Running equally close to give some latitude (3)
 - Winter transport to fen on horseback (6)
 - Winter sport - with foreign about, first follows second (6)
 - Winter transporters report wet weather expensive (6)
 - Composer, awfully breath, with little music in him? (6)
- DOWN**
- Winter transporters or sport in colours (7)
 - Leaving the box (the field, the street and the hill) (5,4)
 - One hug hardly sufficient? (6)
 - Energy transferred to power source: it won't happen in winter (4,4)
 - Bad start for a dumb actor, another dog that's... (6)
 - ...an Olympic swimmer at Bergen (6)
 - Punishment for the sin of being last out of Cornish town (7)
 - Give in when under, taking the dust (7)
 - Profane and possibly as cruel (7)
 - Wounded GI hobbles in winter sport (6)
 - Wounds may be for musketeers of old (6)
 - Destroy with wild threats (7)
 - Floods can be a bit of a devil with sledges (7)
 - Nosy fellow with winter coat, we hear (6)
 - Big breeder isn't finished with religious leader (5)
 - See 5

Solution 9335

1. MOUNTAIN GOAT
2. PELICAN
3. WINTER
4. VISION
5. SUBCONTINENT
6. BABE
7. WINTER
8. BILL
9. WINTER
10. LINCOLN
11. SCRAPE
12. RUNNING
13. WINTER
14. WINTER
15. WINTER
16. COMPOSER
17. WINTER
18. WINTER
19. WINTER
20. WINTER
21. WINTER
22. WINTER
23. WINTER
24. WINTER
25. WINTER
26. WINTER
27. WINTER
28. WINTER
29. WINTER
30. WINTER

WINNERS 9335: J.D. Burns, Harrogate, N Yorks; F.G. Cooke, Ebor, Ebor; R. Douglas, Newton Mearns, Glasgow; Mrs J. Erdal, St Andrews; S.D. Lewis, Ormskirk, Lancashire; N. Oram, Essenden, Ebor.

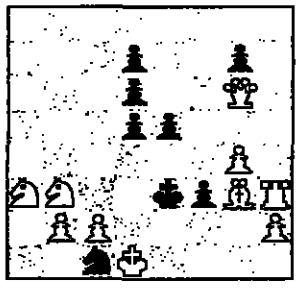
CHESS

Paul Keres: the Quest for Perfection (Batsford, £15.99), by Keres and John Nunn, is the second in a two-volume collection of games by the Estonian who many consider the best player never to win the world title.

Choosing a great player as your model is a good way to improve, and Keres, with his clear themes mixed with creative touches, is one of the best to follow. He was one of my chess heroes, but I had a shock the only time I met him in a tournament.

It was the first round at Hastings, and the pairings were made two weeks early for the convenience of the programme. So I spent the whole Christmas holiday preparing against his regular 1 d4 and 1 e4, only to face 1 c4, his first use of the English Opening for many years. Why, I asked afterwards, "I read on the train from London that you were a theoretician and would prepare, so decided to be different." I felt better a year later when Keres played the identical system against Tal in the candidates tournament.

John Nunn's preface dismisses the claim that Keres, who had competed in wartime German tournaments, was obliged by Moscow to throw games to Botvinnik in the 1948 world championship. I am not so sure. Suggestions of a fix were already being made at the time of the games, while another new book, *Russians Versus Fischer* (Moscow, £16), alleges with the aid of recent documents that arranged results and political moves were endemic in key matches during the Soviet period.



No 1173
White mates in two moves, against any defence (by O. Wurzburg, 1936). Though White is four pieces up, there's no obvious way through Black's pawn barrier.

And yes, there really is a black N on c1 - without it White would have 1 Qd3 mate.

Solution Page XXII

Leonard Barden

BRIDGE

Samuel Johnson said, "I am sorry I have not learned to play at cards. It is very useful in life: it generates kindness and consolidates society." Bridge had not yet been invented for, if it had, the good doctor would surely have known that, despite being a partnership game, consolidation rarely occurs.

N

975
4
AKQ 10 9 2
K 8 3

W

4 3 2
AK 9 7 2
4 3
Q 7 5

E

10
J 10 8 5 3
8 7 6
A J 10 6

S

AKQJ 8 6
Q 6
J 5
9 4 2

South opened 1S and, over North's 2D response, aggressively jumped to 3S. North bid 4S. West led his A♥. At trick two, he switched to 5♠ and East played 10♠ which held the trick. Now, how-

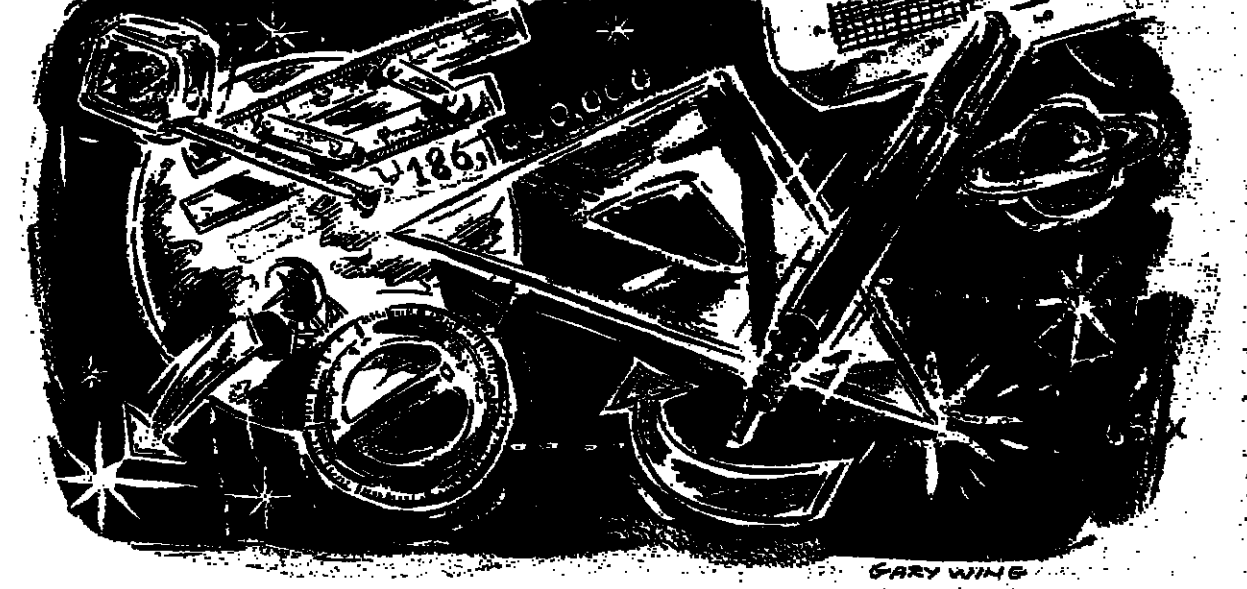
ever, East was stuck on lead, unable to cash more than one further club trick before trumps were drawn and the diamonds run.

West needed to realise that, because of dummy's threatening diamond suit, aggressive action was required. The only chance of success must surely lie in scoring three quick club tricks - before declarer's clubs are all discarded dummy's diamonds.

For this to happen, East will need to hold ♠AJ and 10♠. This assumed, West must lead Q♠. If dummy ducks, West is still on lead; if dummy covers with K♠, East scores his three tricks.

Not for the first time, the words "obvious", "facile" and "nincompoop" were banded about, none of which seemed either kind or consolidating. Yet, strangely, at the end of the evening, all agreed what fun friendly, social bridge could be...

Paul Mendelson



The Nature of Things

The ruler strikes back

The universe has grown older at a stroke, says Andrew Derrington

When I was about five years old I was mystified by the absolute impossibility of calculating the ages of adults. I could work out how old children were from their size relative to me and to my seven brothers and sisters, but adults were completely out of my scale. For many years I believed my father to be 104 years old. Even after I discovered that his father was less than 70, it took me a long time to resolve the paradox.

Astronomers estimating the vital statistics of the universe, particularly the distances to the stars and their ages, sizes and weights have the same problem. The stars are comfortably out of reach, so how can we possibly know anything about them?

By piecing together several different types of clue, astronomers can work out the distances to stars and their ages. Each estimate depends on the correctness of others and on physical theories. Distance estimates use a ladder of comparisons that reaches out from measurements here on Earth to objects billions of light years away.

Astronomers can also guess the age of the universe as a whole from its size and its speed of expansion. Speed is measured directly, not from changes in distance over time but from the Dop-

pler effect. This changes the wavelengths of the light emitted by a star moving relative to us, in the same way that it makes the pitch of a passing train's siren rise when it is approaching and fall when it is receding.

Each of the chemical elements in a star emits light that has a characteristic signature of wavelengths which can be recognised and used to calculate the Doppler shift.

Over the last couple of years astronomers have uncovered an age paradox like the one I had when I was five. The universe appeared to be no more than 11bn years old, but the oldest stars in our solar system seemed to be 2bn or 3bn years older than that.

Although this wasn't a fundamental disaster for the theories they use to estimate ages - "the calculated age of the universe depends on several very poorly known factors", says Chris Benn, manager of the William Herschel telescope at La Palma observatory in the Canary Islands - astronomers are relieved that the inconsistency may now be resolved. One of the rulers that they use for measuring distances to the stars is longer than they first thought. At a stroke, this makes the theories predict an older universe and younger stars.

The ruler is based on a kind of star called a Cepheid variable, which flickers with

a period that depends strongly on the total light output of the star, its luminosity. By measuring the apparent brightness of each Cepheid, which depends only on its luminosity and its distance, astronomers can calculate the relative distances of all the Cepheids from the periods of their fluctuations.

This property of Cepheids was discovered early this century at the Harvard College Observatory by Henrietta Leavitt. She found that a group of Cepheids that were all (in stellar terms) the same distance away showed a strong relation between apparent brightness and period.

The relative scale is converted into an absolute scale by measuring the distance to a few Cepheids. Astronomers do this using parallax, the change in relative position of a star when it is viewed from the different positions of the Earth as it orbits the sun.

You can see the same kind of change in position

which your brain uses to calculate the distances to nearby objects - by alternately closing each eye. Objects that are close to you jump about as you change eyes, the further away an object is, the less it jumps. The eyes are about 6cm apart and the brain can use this difference for measurements of up to a few metres.

The diameter of the Earth's orbit is about 186m miles and astronomers use parallax to measure distances up to 100 light years.

Last month the European Space Agency announced that the Hipparcos satellite had remeasured distances to 26 Cepheids, and found these are about 10 per cent farther away than had been thought. This increases estimates of distance and means that the universe is bigger - and therefore older - than had been thought.

Because the oldest stars are further away, they must be bigger and more luminous in order to appear as bright as they do. Bigger stars die younger, so the ages of these stars now seem to be a bit less than the estimated age of the universe.

Astronomers round the world have just had it same feeling that I had when I first saw my father's birth certificate.

The author is professor of psychology at the University of Nottingham.

PERSPECTIVES

Christian Tyler

Quantum leaps are not for monkeys

Vive la différence! must be the only response to claims of similarity between apes and us

You cannot go far these days without somebody telling you that humans share 98.4 per cent of their genetic material with chimpanzees.

This pervasive statistic (whose truth I take on trust) may explain why political commentators are wringing their hands over the many young citizens who are newly eligible to vote in the British general election on May 1 - but won't.

The eco-generation, the product of Greenpeace and plenty, is said to be bored by real politics. Its idealism is activated only by trees and animals.

Trees are good, especially when they stand in the path of bulldozers. But animals, baby seals and baby chimps, are even better. Wide-eyed, innocent and vulnerable, they can make us humans look pretty savage, as every television ratings analyst knows.

They stand proxy for all the defenceless creatures -

Idealism among the young, bored by real politics, is activated only by trees and animals

our own neglected and homeless children, for instance - whom we really ought to be worrying about.

These days you must watch your language if, like the philosopher I heard at a London School of Economics seminar last week, you want to argue that animal lives are inherently less valuable than human ones and that killing animals for food - or, God forbid, for sport - is not quite so bad as killing people.

Of course, animals are sentient and it is plain that they suffer. But to worry about our responsibility towards them, at least to the higher orders of them, seems to have become a fashionable substitute for the much more difficult business of working out our responsibilities towards each other - which, after all, is the main business of politics.

Who is weaving these animal spells? I have been listening to expert primatologists recently and have learned a few things. First, apes behave much more like us (did you know that they punish cheats?) than we used to think; second, we are much closer to them (we are helplessly social) than we like to admit.

So close are we, indeed, that Peter Singer, the animal rights philosopher, and his friends have drawn up a Declaration of Ape Rights enshrining the right to life, the protection of individual liberty and the prohibition of torture on behalf of chimpanzees, gorillas and orang-utans - oh yes, and humans too.

Singer's argument is that not all humans - infants and the mentally handicapped, for example - can be counted as persons, while some animals should be.

Apart perhaps from the smells and noises, the life of a chimp seems an enviable one: one's day would be spent guzzling fruit and nuts, grooming and mating, throwing the occasional tantrum, rolling about on the forest floor. How jolly to swing through the trees with no thought of failing or falling. There would be no need to tangle with dishwashers, telescopic umbrellas and Tolstoyan mid-life crises.

There would be not much frustration and even less boredom. Above all, there would be no need to bother one's furry head about tomorrow.

Yet the more I hear about the similarity between apes and humans, the more I find myself craving the difference.

The more biology seeks to ground us in our simian past, the more one yearns to climb up into the jungle canopy and gaze at the stars.

One big difference is that humans have to believe in something in order to make life bearable - at the very least they have to believe that life is worth living. So we believe in progress, which evolution says is meaningless, or purpose, where biology says there is none.

Some find comfort in dedicating their lives to money, success and jogging. Others campaign for political freedom and social justice, continuing to see altruism as a defining human characteristic in spite of biology's assertion that it is just another bit of monkey business. And for all the chat about religion being a cultural hangover, an awful lot of people go on believing in God.

Religious belief is the human version of the monkey's leap. It is an act of faith which says: "If I launch myself into thin air from this tree I will land in that one." It is jumping the gap between evidence and conclusion in a way that looks to the nonbeliever like intellectual suicide. Graham Greene described the problem well. A year before his death, the novelist, who made religious doubt his thematic speciality, told the writer John Cornwell: "One is attracted to faith. Believing is the problem." He added: "I suppose I've been lucky enough to doubt my disbelief."

When *homo* graduated to *sapiens*, he started decorating. The palaeo-anthropologist Donald Johanson, who has been inside the Lascaux caves in France, told me they gave him the feeling of being in a church with frescoes.

Our medieval ancestors, who may have suffered from superstition and an abundance of clergy but were not stupid, overawed themselves with skyscraper cathedrals. Believer or not,

Religious belief is the human version of the monkey's leap. It is an act of faith

even today it is possible to be profoundly moved by that combination of church architecture and sacred music developed in the Middle Ages and still cultivated in Europe's older cities. (Gregorian plainchant and the religiously inspired works of composers such as Penderecki and Tavener are said to be popular with decompressing ravers, too, and have made it into the charts.)

We have seen it all, thanks to television, and nothing awes us now, least of all the matry secularism of much contemporary worship. Yet large numbers of the underawed - professors of logic among them - will be found in Church tomorrow demonstrating their faith in something which in the literal sense is incredible. And all because - to put it at its very lowest - of that 1.6 per cent by which we differ from the chimp.



Hans Küng: a reputation for making trouble is tempered by a youthful, almost naive frankness that sets him apart in a world of artifice and carefully calculated conversation

Breakfast with the FT

Global enfant provocateur

John Lloyd meets the Swiss theologian who challenged both the papacy and the 'licence for greed'

Hans Küng is still seen as an enfant terrible, even though he approaches his 70th year. Early on, he had a reputation for making trouble, but he also has a youthful, almost naive frankness that sets him apart in a world of artifice and carefully calculated conversation.

His first phase of provocation came in the 1960s, when he was one of a group of radical theologians who prepared the way for the reforms of Vatican II, under Pope John XXIII. He overstepped the boundaries of this qualified radicalism with a book, *Infallible? An Inquiry*.

This raised doubts about the power of popes who, on occasion, are ruled to be incontrovertibly correct. We dined - though not tête-à-tête - in the Charlottenburg Palace, in the middle of Berlin, after a brief tour.

The next morning we had breakfast at the Kempinski Hotel, opposite Berlin's main synagogue - both of us guests of the Dräger Foundation, which has for 17 years run the Tonbach Round Table symposia, aimed at confronting leaders in public and business life with issues of urgency.

That Küng should be the keynote speaker for an audience which included the former chairman and a present managing director of Daimler Benz, German ministers and a former US Treasury secretary demonstrates that ethics are suffering a severe strain of vogue.

He looks younger than his years. His face is stern and handsome, and he does not seek to use charm or humour to make his message more appealing. It is easy to imagine that years of controversy have honed his public style to a concentration on the essentials. He has an air of being apart from life while moving through it, eating sparingly, dressing conventionally, speaking only on what he knows.

When he talks of travelling with presidents, debating with prime ministers, confronting the intellectuals of the day, he does so with a style which recognises their importance and, at the same time, subsumes them to a moral order which is more important than their titles or their prestige. Here is a man who argued with popes about their infallibility.

Shorn of official status as a Catholic lecturer a year after Bishop Karol Wojtyla became Pope John Paul II in 1978, Küng has remained extraordinarily active.

His work has centred on the adumbration of what is called a "global ethic", through an institute attached to, though not part of, Tübingen University, where he worked before his run-in with Rome. Küng was feeling a little

battered from the previous day's conference, where he had been confronting German corporate managers with the challenge of making money ethically.

The tone had been respectful, but he had been challenged, particularly by Michael Blumenthal, Treasury secretary to Jimmy Carter, who had objected that Küng had represented the complex process of globalisation as a mere "licence for greed". Did he think so?

"Business must have its place, must be efficient, must make a profit. But an interest *only* in business, as an interest *only* in oneself, is dangerous. The economy is not an end in itself: it is there to serve human needs.

"Globalisation is an ambiguous process. It is inevitable, but it has limits and it can be controlled. Since we have a globalisation of capital, we must seek to globalise the ethical principles which are above it.

"A struggle for profit is ethically legitimate *only* if higher values prevail."

Blumenthal is not the only former US high official to be challenged by Küng. He has an even larger animal in his sights - Henry Kissinger, the former US secretary of state (and like Blumenthal, a refugee from Nazism).

Kissinger's view of the world - given full-scale treatment in his *Diplomacy*, published in 1995 - "is a conglomerate of nations and regions with specific interests which they mediate best through an exercise of *realpolitik*" rouses Küng's deep disgust.

"I criticise Kissinger very seriously. Kissinger's view is of a world of interests. Interests are calculable. Business people find this attractive - profits are calculable where ethics are not.

"But the American model of capitalism is coming to a close. Neo-liberal or ultra-liberal capitalism does not work any more: there has to be another way."

Voices like Küng's have been crying in various wildernesses for centuries. Today, they would appear to be weaker than ever, as the monotheistic faiths ebb, at least in the west.

Yet, at the conference, he met "a certain defensiveness", but also heard voices troubled by what he was saying. A number of corporate leaders and politicians reflected a profound unease over the rise in German unemployment, the increasing need to bribe when working abroad, the draining of faith in and support for the European project.

They find Küng over-optimistic, his teaching hard to transform into action, too apocalyptic, but they do not dismiss him.

The politicians want him around. Roman Herzog, the German president, has asked the theologian to accompany

him on a state visit to Malaysia.

Küng is looking forward to a debate with Mahathir bin Mohamad, the Malaysian prime minister, and one of the most aggressive promoters of "Asian values" as a distinct ethic from western liberalism.

"I shall say that many 'Asian' values are also European values - values like

solidarity, and reliance on the family. But at the same time, the peoples of the east Asian states are attracted by freedom. I don't see the value systems as fundamentally contradictory."

His popularity is attested by the crowds who come to his public lectures - a recent one was overflowing, nearly 1,000 people turning out on a cold evening in a small

town. He is preparing a seven-hour German TV series on ethics in the modern world - a large investment of time by both Küng and the channel.

"I could speak every night at dinners or meetings. I involve myself in a network of students of economics which deals with the ethics of the discipline they study, and which is very active. I

would not say there is a huge surge of interest, but there is no question that people are looking at the issue again, more seriously."

Does the papacy which had rejected him also reject his present initiative? "The Pope, though narrow in many ways, is good on this - on the coming together of faiths to proclaim their common purpose."

BOSS
HUGO BOSS

Photograph by Richard Avedon

JPM 10150

PERSPECTIVES

Independence day is on Tuesday, soon after the fireworks and just before the angling competition. It may not be the most stately way to mark the handover of power, but in this tiny corner of middle England, pomp and ceremony is only part of the story. Welcome to the free state of Rutland.

Just 16 miles wide and 16 miles long, Rutland is astonishingly proud to be Britain's smallest county. Next week, after a generation of campaigning, its sense of parochial pride will become almost apologetic as the county secedes from the tyranny that was Leicestershire County Council.

"It will be a wonderful time and a year to remember in the annals of Rutland's history," says Eddie Martin, leader of Rutland's new council. "Celebrations and independence festivities will go on not just for a week or two, but for several months. And the good thing is that it has cost us very little, thanks to sponsorship."

Rutlanders admit they share more than a passing resemblance to the characters of an Ealing comedy. In the 1949 film classic, *Passport to Pimlico*, the London burghers send Customs officers to patrol the Tube trains. Two years ago Rutlanders were given mock passports carrying the council's motto: *Mulum in Parvo* - Much in Little.

The wheeze was all part of a long struggle to claw back the identity of this small rural patch of the east Midlands which traces its roots to the 9th century. Although 60 per cent of the county is home to commuters, about 80 per cent identify themselves as Rutlanders.

Elsewhere in Britain, the complex redrawing of local government maps was greeted with a suitably long yawn, but in Rutland it was grasped as a chance to right the wrong of 1974, when Rutlanders were subsumed into Leicestershire for their education and social services. Never mind the Referendum party, and Brussels, few in this part of England have ever forgiven Edward Heath's government for the betrayal of Rutland.

The county's struggle for independence seems to find deep roots in the British psyche. Janice Morphet, chief executive of Rutland's new council, says: "People in Rutland never actually accepted what happened in 1974 and the campaign never stopped. Outsiders understand that and have a very warm view of Rutland. They see it as a small society fighting for its own identity - even if they have never been here and don't know exactly where it is."

Typically for middle England, the successful campaign for independence was always more stubborn than spirited. When Leicestershire uprooted the "Welcome to Rutland" road signs in the 1970s, the locals insisted on replacing them during the night. Some resistance fighters persisted in addressing letters to Rutland, even though the Royal Mail threatened not to deliver them.

Only the bravest of outsiders questions how much of this Rutland nationalism is tongue-in-cheek, and how much is sincere. But Rutlanders are not unhappy with mild ridicule. Many speak warmly of the 1970s spoof TV series *Rutland Weekend Television*, "Britain's smallest television network" and the brainchild of Monty Python's Eric Idle and Neil Innes. Nothing much happened on RWT except the



A small, rural patch gets an identity: a corner of middle England is once again Rutland

David Hughes

Much ado about little Rutland

Richard Wolfe tries to comprehend Britain's smallest county

duo's pop band The Rutles, who satirised The Beatles so professionally they won the backing of George Harrison. It is only appropriate that The Rutles should launch their comeback album just months before Rutland wins back its independence.

Even the curator of Rutland's museum admits the county has an undistinguished history. Tim Clough says: "It is difficult to pick up really significant events in an area which is so traditionally agricultural. What has happened here are the same trends that affected everybody else in a similar kind of way."

Rutland represents the most middling tendencies of middle England. It was not one of the first shires on record, but still likes to trace itself back to Anglo-Saxon days. The Domesday Book mentions nothing more interesting than mills, barley and limestone.

Even its proudest emblem,

the horseshoe - which dates back to Norman days - is little more than a game. Rutlanders delight in the tradition by which any peer of the realm must give a horseshoe on their first visit to Oakham manor. The horseshoe is, in fact, a play on the name of the Norman ruling family, de Ferrers, who were ironmasters. Rutland is naturally blessed with rich quantities of ironstone.

For centuries the mainstay of the county's economy remained steadily agricultural, even during the industrial revolution when nearby Leicester and Nottingham raced ahead with textile factories. It was only towards the end of the Victorian era that Rutland developed an iron ore industry, which supplied neighbouring Corby in the 1930s.

Perhaps the very lack of development has preserved the quintessential traditions of the county, complete with the fox hunt at Cottesmore

and its two public schools at Uppingham and Oakham. With a population of just 34,000, there are no less than 53 quaint villages and two market towns.

But Rutland's claim to superiority lies in its county structure. "Although it is very small, Rutland has always had the full panoply of county activity - assizes, lord lieutenants, regiments and agricultural societies," says Clough. "There has always been that upper echelon of county infrastructure, which has given that sense of identity."

Today the myth of plucky Rutland has become something of a marketing trick, although local passion for independence is nonetheless sincere. Rutland beer sells itself as "The Rutland Brewery" and is brewed in Langham, close to the county town, Oakham. Yet it is controlled by Grolsch, based in the Netherlands.

For all the Olde Worlde

charm of its villages and the rural peace of its rolling fields, Rutland is a modern commuter county serving Peterborough, Leicester and London. Rutlanders simply prefer their historic battles to more intractable problems like the 12,000 cars which pass daily through Oakham's tiny streets.

"There is a sort of bizarreness about the place, the vision of Miss Marples walking down the high street - even though we are not an anachronism, and we have big companies based here and a very forward thinking council," says Eddie Martin, leader of the council.

"This is a place which people can readily identify with when they cross the border. And some of the immigrants become the most fervently passionate about Rutland's idiosyncracies. It is a latent nationalism, and I suppose the next step is to declare full independence like Rhodesia."

Forging ahead down Mexico way

Leslie Crawford meets a local hero who may have faked an entire civilisation - and is proud of it

A shy, unassuming peasant from Mexico's steamy Gulf Coast has become the subject of intense debate among leading scholars of pre-Columbian art. Brígida Lara is a phenomenon in the annals of art history: a self-confessed master forger. But he is really the author of hundreds of exquisite clay figures which have exerted such a profound influence over the study of the art of the ancient Americas?

Lara claims his creations, crafted over two decades, can be found as far afield as Sydney and Belgrade. The unwitting collectors of his work include Pope John Paul, the late Marshal Tito, Nelson Rockefeller, the late film director John Huston, New York's Metropolitan Museum of Art, the prestigious Morton May collection at the St Louis Art Museum, Missouri, and the Dallas Museum of Art in Texas.

Many of these museums have taken some of their pre-Columbian artefacts off display until they can determine whether or not they are Lara's work. "Lara faked what amounts to an entire civilisation," says Thomas Hoving, an art historian and author of *Fake Impressions - The Hunt for Big Time Art Fakes*.

Yet Lara, who grew up on a cattle ranch in the state of Veracruz and completed only three years of primary school, seems unaware of the tumult he has caused in the distant world of art scholarship. Seated beside his wife in his studio in Jalapa, the mist-shrouded capital of Veracruz, Lara explains that he has always loved making clay artefacts from Veracruz's volcanic soil which is rich in archeological history. As he grew older, he set up a workshop on his family's farm, and customers came from as far away as Mexico City to acquire his "interpretations" of pre-Columbian statues.

He became an expert imitator of the art of his Totonac ancestors, learning to reproduce the writhing serpents on the masks and head-dresses of slain warriors, the clay skeleton of the grinning death god, and the effigy of the goddess Chihueteo who watches over the souls of women who have died in childbirth.

Through trial and error, Lara learned about the clays and firing techniques employed by pre-Columbian civilisations. He owns a precious collection of patinas and 32 varieties of cinabar, the red-powdered mercury colouring used by Totonacs.

In 1974, he says, two of his assistants were arrested with what police thought was a priceless sculpture looted from a Totonac tomb. Lara claimed the work as his own, was laughed out of court and thrown in jail. During his seven months in prison, Lara continued to protest he was a forger, not a looter. Finally, he persuaded prison officials to bring clay and tools to his cell where he created an exact replica of the piece which had led to his arrest.

After his release, came another twist of fate. His skills caught the attention of the archeology department

at the University of Veracruz, and Lara was hired as a restorer of pre-Columbian artefacts. Lara was still working there in the early 1980s when the governor of Veracruz, Agustín Acosta, began purchasing Mexican antiquities abroad for his pet project, the Jalapa Museum of Archeology. When the crates began arriving from Sotheby's in New York, Lara stepped forward with some bad news - a dozen of the governor's purchases were his creations.

At first, his claims were treated with scepticism as he had no documentary evidence. But when word of the existence of a master forger of pre-Columbian art works filtered back to the United States, several museum curators went to Jalapa.

Carol Robbins, curator of pre-Columbian art at the Dallas Museum of Art, has among the most popular works in her museum three "recent" interpretations of Veracruz art.

"It was a very sobering experience," Robbins says. "At the Metropolitan Museum of Art in New York, scholars had been studying and writing about a three-foot-tall central Mexican wind god, Ehecatl, for years. It is a frighteningly accurate statue which appears to epitomise the energy and creativity of pre-Columbian art."

"That one I invented completely," Lara says. "A piece like that has never been excavated. All those in existence are mine." Ten years after Lara first made these claims, the Met is still trying to determine whether its wind god is genuine. The late Nelson Rockefeller bought the bust of Ehecatl from a dealer in 1957 and placed it in his Museum of Primitive Art, after which it was transferred to the Michael C. Rockefeller wing at the Met. The idol remains withdrawn from display.

In Mexico, Lara is something of a local hero. Most Mexicans view the acquisitiveness by private collectors, and even Sotheby's annual auctions, of pre-Columbian art, as little more than the modern-day pillage of a nation's cultural heritage. If greedy foreigners are duped into buying a forgery, why should they care?

To this day, Lara vigorously defends his dubious fame as Mexico's master forger. "I never sold a work to anyone who did not know that it was my creation," he says. What happened to a piece once it left his hands was someone else's business.

After interviewing Lara and studying some of the authentic sculptures on display in the Jalapa Museum of Archeology, Robbins came



Brígida Lara's amazing skills have upset the art world

Leslie Crawford

In pursuit of things great and small

Andrew Jack tracks down that very French predilection for the urbane killing of the bucolic

Serge Dassault looks impressively youthful for a man who turns 72 this week. In his long experience at the top of the French aeronautics and defence group which shares his name, he has no doubt had plenty of opportunities to perfect his targeting and shooting skills.

But even for someone of such remarkable energy and ability, Dassault's recent hunting performance on his private family estate outside Paris seems extraordinary. In a single Sunday last year, across land which stretches to more than 400ha, he bagged eight animals.

Such productivity raised the suspicious eyebrows of Pedot and Mangin, two of France's 1,400 *lieutenants de loueterie*, the latter-day descendants of the officers first nominated by the Emperor Charlemagne to exterminate wolves. As the predators threatening rural harmony have evolved over time from animal to human, so have the responsibilities of this special police force.

That is why, determined to learn more about Dassault's miraculous technique, they sneaked on to his property last October 13. Tracking the businessman down proved rather easier than the search for the average wild boar. For what they discovered was less of a classic

hunt in line within the acceptable Gallic rules, and more of an African safari without the sun.

Dassault came quickly into view, rifle with telescopic sight in hand, his torso sticking out of the roof of a specially adapted four-wheel drive jeep, complete with makeshift turret. His driver would slow down and indicate the animal to be shot, while his "lordship" shot off his rounds at the beast, already exhausted by the lengthy pursuit of its motorised attacker.

Caught in his own trap, Dassault tried to explain to his captors as they emerged from the bush that - as local mayor, regional councillor and full-time businessman - he had no other way to fill his yearly animal quota in the time available.

But the two hunts-policemen, responsible in this post-monarchical era to the National Hunting Office, had the prey firmly in their grip. They went through the ritual of pretending to confiscate his jeep and rifle - as only a real magistrate has the power to do so - and launched the proce-

dures which sent him to court.

"Why not hunt with a tank? Soon they'll be using napalm in the Rambouillet forest," claimed Maître Laurent Benarrous, lawyer for a group of animal rights organisations, when the vulgar affair finally came before a packed police tribunal in the nearby town of the same name earlier this month.

Ignorance of some of the finer details of France's labyrinthine hunting rules might have been an understandable defence strategy for Dassault. After all, not everyone can be expected to be *au fait* with the details of the rural code's clauses on the elimination of pests, which dates from the year Pluviôse 5, shortly after the Revolution.

But common sense at least should have told him that his rather hi-tech approach - which he admitted to using for six years - was a no-no. This being France, full of incisive and all-encompassing Cartesian logic, his crime had even been codified. Hunting using a vehicle is forbidden by the rather more recent ministerial decree of August 1, 1988.

Dassault's personal reaction to being caught red-handed is unknown. For the man who wrote a book entitled *Participative Management, I Chose the Truth* in 1983 opted to put his advice into practice when it came to the court appearance, leaving his driver and his lawyer to tackle the defence.

The reaction to all these events

Ignorance of France's labyrinthine hunting rules is conceivable

was predictably vocal. After all, Dassault is a well known figure. And those who opposed him in the court included the Brigitte Bardot Foundation, set up by the ex-sex kitten turned animal rights' activist, whose sympathy for sheep ritually slaughtered by the country's Moslems each year

has led her to hold some unfortunately intolerant views towards large numbers of non-French human beings.

The foundation believes that in the long-term, hunting should be abolished with rifle and owner apparently to be replaced by Nature's predators - lynx, wolf and bear - which would be reintroduced to bring down excessive animal populations.

But in court, it adopted its shorter-term strategy: to crack down on those many individuals who breach France's multiple existing regulations. It certainly has an uphill struggle in its efforts to entirely outlaw hunting, which claims to be the third most popular sport after football and fishing.

For while France may be a nation of individualistic animal lovers (as the dog-soiled streets of Paris prove), it is also one in which even the most urbane metropolitan residents retain strong links to the countryside of their forebears through holidays and frequent visits to family and friends, or their own rural retreats.

There are nearly 1.6m registered hunters in France or, at one for every 11 adult males, nearly three times the proportion in the UK. There are several hunting museums, regular fairs, plus a political party and a cable and satellite television chain dedicated to the subject.

National politicians - most of whom still have a power-base in a local constituency - attack hunting at their peril. In a recent game of one-upmanship with former president François Mitterrand, Alain Juppé, prime minister and mayor of Bordeaux, admitted a penchant for ortolans, a rare form of hunting which is illegally but flagrantly hunted each year close to his rural ballwick in spite of high profile protests co-ordinated by Bardot.

What is more, while hunting arguably provides a method for many top business executives and other nouveaux riches to acquire a certain aristocratic cachet, France's residual nobles - themselves nearing extinction - have less money and power than their UK counterparts.

The class warfare element of

British hunt sabotage would find itself out of place, since one of the early acts of the French Revolution was to make hunting a right for all citizens. Blue collar workers, farmers and humble employees make up the vast majority of the country's hunters, and official figures claim only 2 per cent do it on horseback, with the stereotypical fancy dress, horns and hounds even less common.

A growing number of opponents are angered by animal cruelty, the disruption caused by gunfire to rural calm, and regulations that permit hunters to pursue their quarry even on to the privately held land of those who oppose hunting.

They can nonetheless draw consolation from the fact that as a younger generation turns its back on the sport, and regulations - backed by increasing court actions - have become tougher, the number of hunters is steadily dropping.

But the battle is a slow one. When the court reconvenes in mid-April to render its verdict with all the weight of Republican egalitarian jurisprudence behind it, the worst penalty faced by Dassault will be a modest FR10,000 (£1,000) fine. And the real test for the judge - the possibility of withdrawing his hunting permit for up to three years.

[illegible]

BOOKS

The reality of fantasy

At last the much-maligned genre receives serious consideration, finds Martin Mulligan

"Ghóshi" muttered Gandalf to his hobbit companions, clutching the yellowing Waterstone's Book of the Century poll results. "As if we fantasy folk did not have enough devilry to endure already with spiralling print costs and a defunct Net Book Agreement. Now 25,000 people have voted *The Lord of the Rings* their favourite book of the twentieth century. Our foes the Reality Instructors, the Carping Critics and the Blinked Litterati are sure to declare open season on us". No sooner had the disconsolate sorcerer spoken than an inky shadow resembling a smudged barcode began to stretch its tendrils from the eastern horizon of Middle Earth, where the Quality Broadsheets and Literary Magazines could be dimly discerned marshalling legions of disaffected scribblers. "It is as I feared, little ones," said Gandalf, gripping his runes-staff. "Brace yourselves. We may make such an end as will be worth a song."

Is that enough or shall I go on? Most mature readers glaze over at even the mention of the fantasy genre. Worse – many go so far as to argue that fantasy publishing can seriously damage your health.

Germaine Greer recalls with distaste: "Ever since I arrived at Cambridge as a student in 1964 and encountered a tribe of full-grown women babbling excitedly about the doings of hobbits, it has been my nightmare that Tolkien would turn out to be the most influential writer of the twentieth century". Auberon Waugh reportedly called the Waterstone's readers poll result "suspicious" and suggested that Tolkien fans had somehow rigged the ballot.

But then very few educated readers (and still fewer critics) seem aware of the breadth and depth of this particular literary field – that is, of the sheer scale and inventiveness of the worldwide fantasy publishing industry.

Jane Johnson is an exception. As publishing director of HarperCollins' fantasy and science fiction division, which accounts for 20 per cent of the company's fiction publishing in the UK, US and Australia, she is preparing a definitive reply to the genre's critics in the form of *The Encyclopedia of Fantasy* by John Clute and John Grant, to be published next week.

Johnson is stung by the

charge that fantasy literature of the kind she spends her day commissioning and editing has harmful effects on its readership. "All fiction is fantasy in the widest sense of the word," she says. *The Lord of the Rings* enhanced her own love of fiction to the extent that she cheerfully worked her way through an English degree and followed that with a masters degree in Old Norse and Anglo-Saxon. She sees the very non-materialistic character of fantasy as its chief appeal and main selling point. "Much better that people should read fantasy writers than that they should wish to go off to make bags of money at great expense to their personalities," Johnson says.

But there is plenty of money to be made from writing fantasy novels. Take Terry Pratchett, from whose febrile imagination the Discworld series has sprung – a world which travels through space on the back of

four elephants poised on the shell of the sky turtle Great A'Tuin. Figures from Book Track, which records sales at 700 independent bookshops as well as Dillons, Waterstone's, Books Etc and Blackwells, put Pratchett first in a list of the top 10 selling authors for 1996.

Della Smith, Stephen King (the author of so-called "dark fantasy"), Catherine Cookson and Pat Barker were left to bring up the rear.

None of this has made Pratchett stuffy. "I'm not a cult author," he says. "Jane Austen is a cult author – you can go to her birthplace and buy the books, the T-shirts and the mugs." Nor does he have any illusions about his readership. "A.S. Byatt, she's a fan, then there's the immigration lady at Prague airport, and a thief who raided a bookshop in New Zealand. He made off with all the money and a copy of each of my books." Although Pratchett's fourth Discworld novel *Mort* is being filmed and Channel 4 is animating two other books, he reckons he is not yet a household name. "HarperCollins is a household name, but I'm not."

At the end of last year, he had 21 titles on bookshop

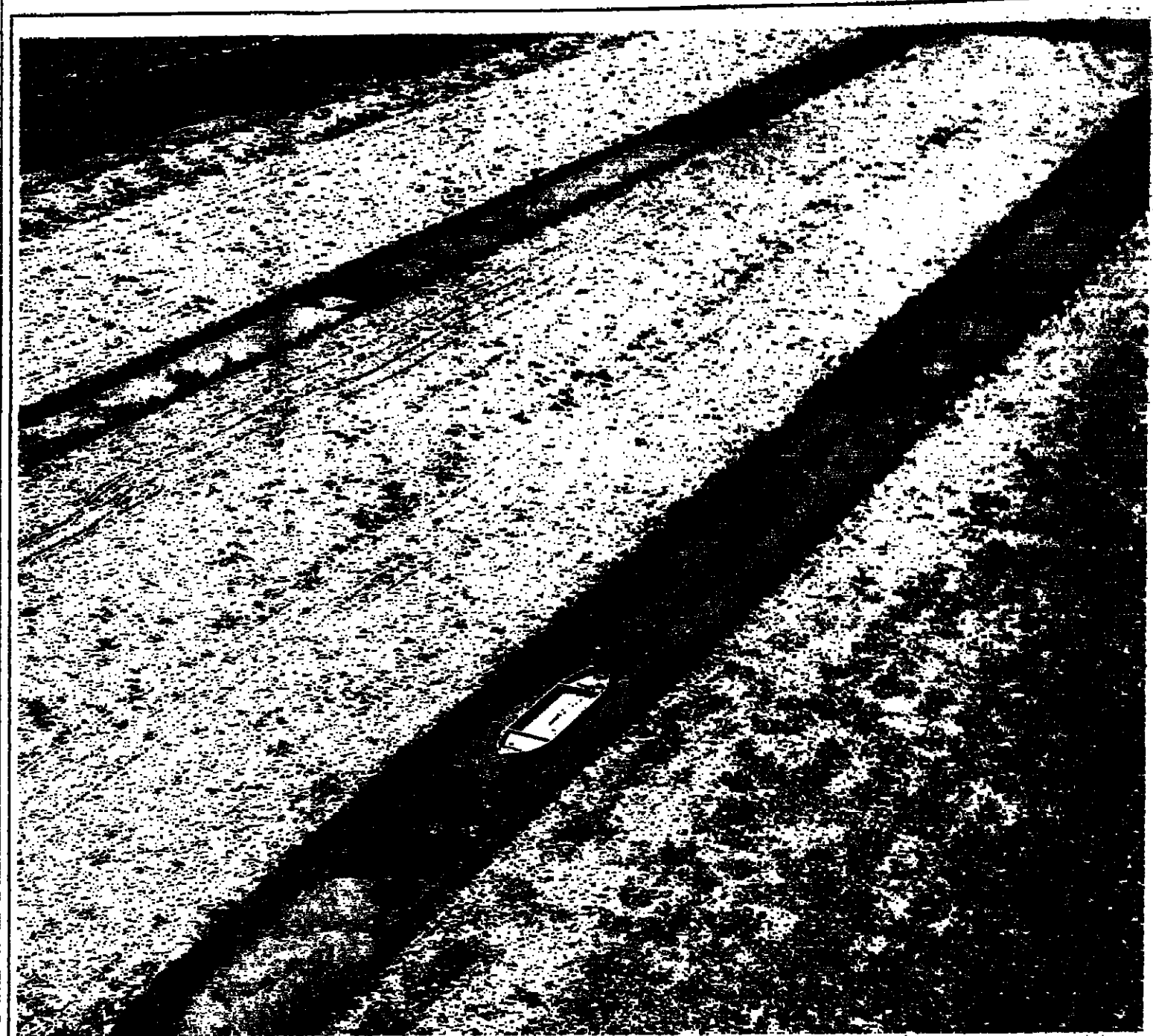
shelves, of which two were hardcover and the rest paperback. That means a total sales value of £1.7m; serious money even by the toe-curling standards of Middle Earth. Indeed, total sales value of paperbacks by Pratchett since his first book – *The Carpet People* – is estimated to be close to £7m. His Discworld novels typically have a paperback print run of 400,000-500,000 – excluding the US – and a hardcover sale of about 40,000. One can only speculate as to Pratchett's earnings from royalties but 10 per cent would be typical – an income stream not to be sneezed at. So Pratchett's success demands the respect of even the least imaginative pragmatist.

John Clute, prime mover of *The Encyclopedia of Fantasy*, has his own reply to the genre's enemies. "As a writer of genre literature, I've experienced this [prejudice] over 30 years in this country. But their distinction between realistic and non-realistic is itself non-realistic," Clute says. "The Waterstone's poll was deeply insulting and alarming... Perhaps 90 of those books could be classed as fantasy or science fiction. Whether or not they know they're doing it, people are reading fantasy and science fiction."

Although the encyclopedia displays a painstakingly academic approach and is heavily cross-referenced, the 2,500 author entries do not have any kind of a star between the good and the bad. Surrealism, magic realism, high fantasy, sword and sorcery, fantasy in other literatures than English – all are here, but as imaginative artefacts to be enjoyed, rather than as coffee-table symbols of cultural superiority.

Clute traces the die-hard distaste for fantasy writing to "the twentieth century criticism of story". The Modernists, he says, eschewed story telling in their fiction because "story seemed to be co-optable in ways they didn't approve of". But that has made little difference to the appetites of the wider reading public.

Clute's encyclopedia avoids the pitfall into which the highbrow critics have blundered. It is a survey of an immensely rich field rather than a purblind snobbish roll-call or an exercise in approved taste. Fantasy, Clute insists, must not be used "as a term to exclude categories of literature from serious consideration".



The marshes of Saint-Omer: construction of the 'watergangs' is said to have been started in the 9th century by the monks of Saint-Bertin. Here and throughout northern France a marked Anglo-Saxon influence is apparent.

Rereading / Hugh Dickinson

Whispering of divine love

The Gospels are the bread and butter of public worship in the Christian Church and the daily study of its ministers. To reread them with new eyes – or rather with new ears – might seem almost impossible. And yet the experience of having to rehearse and read St John's Gospel aloud for a professionally recorded Talking Book provided just that experience: hearing this extraordinary text almost as if for the first time.

There are some performance factors. Those of us who read this mysterious work either hear it proclaimed in a large building, often with a stylised liturgical voice; otherwise we read it silently to ourselves. The Talking Book requires an intimate, personal tone, offering subtleties and insights which are lost if the words are declaimed. But the Gospel is written to be read aloud without a religious voice or veneer, perhaps to small gatherings meeting in secret. In that context its strangeness and power are newly revealed.

What strikes me on this rereading? It is quite unlike other Holy Books. In one sense it's so ordinary: a conversational narrative with small vignettes of insignificant personal incidents recorded from the margin of history. Here are a few named people, only two of whom we know from other historical records – a Roman governor and a Jewish high priest – in conversation or conflict with a central, focal figure.

There is very little that is especially religious: no instruction in spirituality or asceticism, little about spiritual discipline or moral rules, none of the esoteric know-how of the mystagogue. Yet under the surface of these local and personal encounters there is a sense of the numinous as if only a thin crust of the familiar overlies an immense abyss.

Of course there are events which we now find it hard to credit. Water is turned into wine, the paralysed get up and walk, the blind see, a dead man is revived. We get stuck on questions of historicity which prevent us from "hearing" or "seeing". We will never know how much of the text goes back to events in the life of Jesus of Nazareth, how much is later accretion, or how much is creative fiction. I think

John never intended his readers to hear the "events" of the Gospel univocally. We "read" Turner's paintings without difficulty. Here we are reading an artist of equal genius.

The genius lies in the interweaving of the ordinary



and the ultimate. The encounters are so personal: a woman coming to draw water from a well; the two sisters, Martha and Mary, and their dead brother; Jesus washing his friends' feet; Peter and the serving maid; the brief exchange with a violent soldier; the protracted vacillation of Pilate; the encounter with

Mary Magdalen outside the tomb. Does anywhere else in the whole of history have so much dramatic effect loaded into the speaking of a personal name? "Mary?"

It is always more than personal. John is using or inventing particular encounters to serve universal meanings. Everything hinges on the wonderfully wrought climax of the trial, crucifixion and resurrection. The earlier events of the Gospel only find their depth of meaning after the reading of the final event. In that sense the Gospel is circular and has to be read and reread again if its interlocking images are to gain their full weight. The whole work rotates around the central axle of Jesus himself. John, of course, believes the whole universe revolves around that axle too.

That pushes at the boundaries of our enlightened scepticism. The story – we think – is too small to carry anything so vast. But moral beings and their interactions have no dimensions. Size means nothing. If – as John believes and Jesus himself believed – there is a Moral Being underpinning the physical universe, the

relationship of men and women as moral beings to that central being is more significant than all the innumerable nebulae.

Here a rereading of John's Gospel offers a spine-tingling glimpse of how that relationship functions. In the extended discourse towards the latter half of his text, John offers a picture of Jesus' own experience of the Divine Love which he in turn extends to his friends and invites them to share. Reading chapter 17 aloud, but in a whisper, one may have a sense of eavesdropping on the loving conversations in a realm of being in which we can hardly breathe. Are they really Jesus' words or is John doing what Shakespeare did? We shall never know.

It is all so mysterious. And yet it seems rooted in history. I find it hard to believe John has invented that odd little snapshot glimpsed by the disciple who put his head into the tomb – "and saw the linen clothes lying, and the cloth that had been about his head lying apart by itself." Why should he invent that? I come away from this rereading more perplexed than ever, and more spellbound.

symbolism of her poetry.

In one of Parris's strongest scenes, Mew argues with a friend that Emily Brontë's refusal of medicine at the end of her life had been a courageous act of suicide. This dialogue provides a sympathetic insight into Mew's own decision to kill herself in 1898, by drinking half a bottle of disinfectant. Such insights, however, are rare – rarer than had Parris resisted the temptation to rewrite Mew's life as a heterosexual romance.

Parris writes of her "lengthy search" for Charlotte Mew. My feeling is that Penelope Fitzgerald came closer. But Mew remains an elusive subject. She was shy in her lifetime, rebuffing Lady Ottoline Morrell's advances, refusing to appear at salons. Maybe this is why she is so little known.

Susanna Rustin

To Mars by dogsled

There is little difference in principle between the brave terrors of Columbus's small ships venturing the Atlantic in 1492, and today's rocket-ships probing the cold hostile gulfs of space around our planet. Both are cases of fragile craft risking the unknown, far from home and succour and pitted against mighty forces; both are fearful gambles with fury.

It is human nature to venture like this, into caves or up mountains across seas, often to slip and fall, or meet wild beasts, or be caught in blizzards and so to die. But history advises that when such gambles succeed, the harvests are rich.

What is the next step in space? We have endlessly orbited our planet, been to the moon and sent probes elsewhere into the solar system with spectacular results for science and technology. The space programmes of the US and Soviet Union started as a macho one-upmanship contest, but lost impetus even before the end of the Cold War. Their military potential and the spying capabilities of satellites were quickly brought to fruition, since when there has been a levelling off in activity. Will there be a new bold thrust in space? If so, what should it be?

According to Robert

Zubrin, there can be no better immediate candidate than colonisation of Mars. A mere six months' journey away, Mars has everything required to make a manned mission feasible, and much to make it desirable. Moreover, the endeavour itself promises benefits of many kinds.

Zubrin is an astronautical engineer who has been working seriously on the concept of Mars colonisation for many years. This book is a

THE CASE FOR MARS
by Robert Zubrin
(with Richard Wagner)

Simon and Schuster, £16.99, 320 pages

condensation of the technical studies he has conducted and submitted to NASA for evaluation. Offering the case to a wider public is part of his effort to stimulate political will for a Mars programme. It even contains an imaginative proposal about paying for it. Zubrin calculates that it can be done for less than \$20bn (current NASA estimates exceed \$50bn). One strategy is for the US government to offer a \$20bn dollar prize to any private company that successfully puts men on Mars and brings them home. When Charles Linbergh flew the Atlantic in his *Spirit of St Louis*, Zubrin points out, it was to win a privately offered prize; Columbus's motives were similar.

According to Zubrin, the technology required for the venture already exists. Hitherto space engineers have thought that there is too big a barrier, namely, the enormous amount of fuel needed

for a return journey. Zubrin's original contribution is to see that fuel for the return journey can be manufactured by the spacecraft itself from material abundant on Mars. The Martian atmosphere is 95 per cent carbon dioxide; reacting it with a seed-stock of hydrogen brought from earth would form methane and water. Methane is a first-rate rocket propellant. Thus the single greatest obstacle to Mars travel is overcome.

This is the essence of Zubrin's "Mars by dogsled" strategy: the Mars mission lives off the land, so to speak; going to Mars and making-do in the Yukon come to much the same thing. The benefits are legion. Minerals and other resources on Mars, scientific, technological and medical discoveries, the economic and social effects of a new frontier, the psychological impetus of new worlds opening to humanity and its descendants, all conspire to make the adventure breathtaking in its promise. And Zubrin makes a convincing case that it can be done: which is good enough reason, by itself, for doing it.

We have been to Mars before. In July 1976 Viking 1 landed in the Plains of Gold and sent back a photograph of its footpad standing in the Martian dust. That remote grumpy vision of a human imprint on another world sent the staff in Mission Control delicious. It looks remarkably like the muddy grey first image produced by John Logie Baird when giving birth to television. In this comparison stands a mighty moral.

AC Grayling

Of his triple biography

The Fatal Englishman, novelist Sebastian Faulkes wrote of having resisted an "urge" towards fiction. Perhaps this is an "urge" to which novelist-biographers are prone. Peter Ackroyd has demonstrated that the combination of biography and fiction can be brilliant. P.B. Parris's "imaginary autobiography" of the poet Charlotte Mew shows what a risky business it can be, placing the already vulnerable subject of biography more than ever at the mercy of the author's imagination.

To begin with the facts. Mew's father came to London from the Isle of Wight, became junior partner to the architect H.E. Kendall, and married his daughter, Henry was the couple's first child; their second son, Frederick, died. By the time Charlotte was seven there were two more dead brothers, and a sister, Anne.

That death was a frequent visitor to the Victorian nursery is a commonplace. That this was so does not mean that families were able to bear their losses. Mew's poems are full of "broken things". Eloquent depictions of human yearnings, they thrive on the disjunction between the tranquillity of their pastoral settings and the emotional tumult which they describe. Their rhythm and rhyme schemes – often bumpy and irregular – are

Succumbing to fiction

reminiscent of the ballad, as is her use of country dialect, and the bloody, violent images which loom suddenly out of her uncertain metre. Mew was preoccupied by the colour red, a fact which Parris brings vividly to life.

By the time Charlotte reached her early twenties two of her three surviving siblings were insane, banished to institutions. Henry and Freda were never spoken of by their mother, but they haunted Charlotte, who took with her to the grave the unshakable sense that she had sinned. With the deaths of "Nanny Elizabeth" and her father, Charlotte was appointed "man of the family". A "New Woman" who wore her father's suit, in 1894 Charlotte published a story, "Passed", in *The Yellow Book*.

Parris's account of Mew's romantic history is more troublesome, leading the reader to Penelope Fitzgerald's biography in an effort to verify the facts and distinguish embroidery from fabrication. According to Fitzgerald – and Parris does not acknowledge any previously undiscovered sources – Mew fell in love three times: with her teacher Lucy Harrison, on the verge of adolescence; with Ella D'Arcy, a writer friend from the *Yellow Book* days whom she followed to

Paris to be painfully rejected; and finally with May Sinclair, another writer, who she came to know in the years before the war and who told her, when she declared herself, "My good woman, you are simply wasting your perfectly good passion."

Charlotte Mew fell in love passionately – with women.

HIS ARMS ARE FULL OF BROKEN THINGS
by P.B. Parris
Viking £16, 275 pages

Her terrible unhappinesses were those of one who courted rejection, and was humiliated.

Into the middle of this frustrated life, however, Parris introduces another character: Thomas Hardy, who, according to Fitzgerald, was introduced to Charlotte Mew in 1918. Parris moves the meeting forward 25 years, to a memorable encounter in the British Museum, out of which springs a romantic friendship. Charlotte even sends Hardy a Valentine before a more intimate encounter – and the sight of his feet – scares her off. Years later, Parris has Charlotte admit ruefully that she had "no capacity for surrender". She places a lifelong

attachment to Hardy at the centre of Mew's emotional life. She is his muse, recognising herself in Sue Bridehead. And her own most famous poem, "The Farmer's Bride", was written – Parris suggests – with her "King of Wessex" firmly in mind.

In this version it is Hardy's death – and not her sister's – which puts the final, devastating seal on Charlotte's despair. His face is on the dustjacket. All of which suggests Mew's life is not sufficiently interesting – to Parris – without the addition of this glamorous father figure. More important, perhaps, is what is pushed out to make room for Hardy: Mew's spiritual life, of vital concern to her reader, who must reconcile the courage of the instinctive atheist with the religious

symbolism of her poetry. In one of Parris's strongest scenes, Mew argues with a friend that Emily Brontë's refusal of medicine at the end of her life had been a courageous act of suicide. This dialogue provides a sympathetic insight into Mew's own decision to kill herself in 1898, by drinking half a bottle of disinfectant. Such insights, however, are rare – rarer than had Parris resisted the temptation to rewrite Mew's life as a heterosexual romance.

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ARTS

American Television

The good, bad and downright ugly

Jurek Martin hops past news, sports, soaps and game shows in favour of a staple diet of movies

Duly commissioned to review the state of American television, it seemed best to keep a list of what was most enjoyed over a two-week period. On top came, in no particular order, *Gone with the Wind*, *Cherish*, *The Master of Ballantyne*, the

Minnesota-Clemson university basketball game, a retrospective on Jans Joplin and an analytical discussion on public TV on why Tony Lake withdrew his name from consideration as director of the CIA.

It might seem odd to have the preferences led by three movie classics (there could have been more) all rentable from the video shop. But, as Walter Cronkite used to say in signing off his newscast, "that's the way it is," both for the idiosyncratic occasional reviewer and perhaps, more disturbingly, for television itself.

After all, my selection does reflect the perverse reality that in this age of greater freedom of TV choice - I get 80 channels from my local cable provider - the most common staple diet remains films, old and new, very good and downright terrible.

At no time in the 24-hour viewing day do I have the choice

of less than half a dozen movies; the alternatives - news, sports and talk, sitcoms and soap operas, game shows and dramas - are mostly compressed into their own market-directed time zones.

Many Americans, not all conservative, believe that film preceded television as the root of all social evil, with both now sharing Satan's roost until the Internet, already under scrutiny, displaces them. Hardly a day passes without the forces of decency promoting warning labels and devices able to keep sex, crime and violence out of the living room. But, in practice, much of their campaign is directed more at film than at modern TV programming.

One backwoods congressman even grouched recently that there was too much shocking nudity on the way to the gas chambers in *Schindler's List*. Probably his real problem was that it was shown on TV without commercial

interruption, thereby cutting the corporate profits that might have financed his re-election campaign. (Incidentally, GWTW, with advertisements, consumed five hours on the late night clock).

But there are other reasons to suspect that my selection may be quite representative of what Americans now sample. Only the basketball game was shown by one of the big four commercial networks, whose share of the overall market has, in any case, dropped to about a third. The Joplin programme appeared on one of the several cable channels whose audiences may be small but are rewarded with the South Bank Show and other imported and domestic esoteric delights previously the preserve of non-commercial television.

Freedom of choice is in the US Constitution and Thomas Jefferson surely would have been the fastest finger on the remote

button of today (he would need to be since neither the local cable provider nor the Washington Post daily listings offer other than a sketchy clue as to what is actually on). But our notional cornucopia, increasingly a fact of life in Europe, still begs the

question: is more better or is it simply more of the same, neither or both?

Mostly it means a lot of surfing. Hillary Clinton recently said husband Bill's chronic addiction to channel-hopping without moving from the easy

chair was "a kind of genetic male thing," and she is right. Women, of more patient disposition, do not understand, as men do, that the faster you change channels the quicker you might find something that is watchable, even if half over.

That applies particularly to sports, of which there is a lot, though whether it matches TV soccer mania throughout Europe is doubtful. My cable gives me an all-sports channel, ESPN, though not its younger sister, known as the Deuce, as well as Home Team Sports, which mostly covers the local professional sides. During recent March Madness, otherwise known as the collegiate national basketball tournament, CBS scrapped daytime and evening programming whenever a game was on.

With NBC's super-patriotic Olympics coverage last year now a blessedly repeating bad memory, American televised sports has reverted to much solid

professionalism, in both pictures and words. The tone of some ESPN programming may be too hyperbolic in its locker room jokiness - a mute should be inserted in the trumpet voice of its best known basketball commentator - but it leaves few stones unturned. Golf commentary, recently bolstered on CBS by the Irish professional, David Feherty, is conspicuously sound, while it is nothing less than an education to hear John Madden's fearless dissection, now on Fox, of what really happens on an American football field.

I have to watch television news because of the job. This is not always a pleasure, because the three main networks skim it in 22 minutes each night, while wall-to-wall CNN, if indispensable in a crisis, sometimes too frantically searches for fresh angles to meet each news cycle (there are stories with shelf lives of more than half an hour). My two financial news

channels are like watching grass grow, which is more than can be said for prime time current affairs programmes because they have all but disappeared (there were none in the two-week test period).

The great exception to TV news dross remains Jim Lehrer, now eponymous sole host of public television's evening news hour which aired the Tony Lake discussion. Unlike network anchors, who range from the semi-unbowed to the self-satisfied, this modest man, a collector of bus memorabilia and an engaging novelist, actually believes that TV personalities should never be bigger than the story at hand, a lesson not applied to the shouting matches that characterise most talking heads shows.

But, in the end, and after throwing in the Weather Channel, more home shopping networks than are healthy, a fistful of pop video stations and the acquired tastes of direct coverage of Congress and the DC City Council, it is the movies - rarely the made-for-TV kind - which consistently offer the most reliable relief.

The small screen is filled with the good, bad and ugly (in fact I think it is on later this week).

Truly original and entirely innocent

William Packer recognises the remarkable talents of Mary Newcomb and Alfred Wallis

The innocent and the naive are by no means the same thing in art, though both may work well enough against a serious critical reputation. For they both act as a shield or barrier to the work, breachable only to an extent, that allows the work to be enjoyed and the artist patronised and indulged without commitment.

How lovely, how clever we say, as though to a child, as we turn back to more serious things.

Such thoughtlessness is at once ridiculous and wasteful, and the loss is ours. Mary Newcomb has been stowing us just how silly it all is, not by stamping her foot or making a fuss, but simply by getting on with it all these years. She has had her loyal supporters ever since she first began to show more than a quarter of a century ago, no doubt happy in keeping the secret as they fight among themselves to get their hands on her latest work.

But surely it is wrong that a painter of such exquisite refinement and sensibility should not have won at least something more in the way of public and official recognition.

Wrong, yes, but not surprising, and she is neither the first nor will she be the last to suffer such indifference as an artist, her painting as painting made invisible

ble and dismissed by virtue of the imagery it celebrates - the flowers and birds, the cats and sheep, the bees and butterflies: oh how sweet. Had she chosen to pick upon cruder subjects, observed with less particular, witty and affectionate an eye, and all described with a heavier hand, she would be no doubt by now in all the right collections.

No matter. She had no formal training as such, but to say so is perhaps misleading for her work has nothing of the self-consciousness of the self-taught, nor is it in the least unknowing, naive. At school she flirted with the idea of studying to be a painter but accepted the more serious and sensible course for wartime of reading general sciences at Reading University. But there and afterwards she remained within the orbit of art and artists, and her studies led her in any case back to art, through the drawings she made of the specimens she collected.

A particular attention to the natural, wonderful quirkiness of things is the abiding characteristic of her art.

Her work is anecdotal, incidental, always alive to the funny and bizarre, full of gentle wit and humour, even to the point of actual laughter. But highly enjoyable as all that is, it cannot alone supply the quality of art,

which must lie rather not in what is depicted but in the matter of depiction - in the drawing, the paint on the surface, colour, line, mass, light.

And in all these respects, Mrs Newcomb is remarkable for her seemingly easy command of technical effect and effortless pictorial invention. How simple it all looks, and yet how strong the sense of formal abstract composition; how sure in its economy the statement; how radical the composition; how daring the use of colour. At 75, she retains all the fresh, innocent enthusiasm of her earliest work, and an innocent delight as much in the discoveries and surprises of her art as of the natural and visible world.

As an artist she is no innocent at all, but a true original, and as fine and sophisticated as any.

Alfred Wallis, the ancient mariner turned painter in his retirement, whom Christopher Wood and Ben Nicholson discovered at Saint Ives in 1928, is a somewhat different case, an artist not so much self-taught as entirely innocent of teaching, a true naive. He simply took up his paints, it seems, and the first piece of card that came to hand, and set to work.

But again we must be careful in the word we use, for naivety is not ignorance,



Witty and affectionate: Mary Newcomb's 'Sweetcorn Wedding 1976' (oil on board)

and an innocence of formal theory and practice does not mean necessarily that Wallis did not know what he was doing.

His work may be fairly hit-and-miss in its quality, once we clear our eyes of the mist of indulgence and special pleading under which

the old man's reputation has laboured for so long. But then of how many *so-called* professionals may not the same be said?

His compositional devices may be eccentric, but they are consistent. His drawing and description too, are tougher, stronger, more cer-

tain when we look clearly at them than we might at first have supposed.

We look at the free handling of the paint, in the heave of the sea and the run of the bow wave, and we no break at all, but a true artist all along, and it is high time we said so.

poised with a true painter's intuitive control. It certainly needs no patronising excuses.

His latest critic, Mel Gooding, is indeed quite right in saying that the old man was no freak at all, but a true artist all along, and it is high time we said so.

Mary Newcomb - a retrospective: Crane Kalman Gallery and Paul Costelloe, 178 and 156 Brompton Road SW3, until April 19. Alfred Wallis: Kapil Jorjwala Gallery, 4 New Burlington Street W1, until April 28.

Opera

Bigger and better at Barbados

The Holders Season offers opera addicts an ever more exotic vocal fix, says Antony Thorncroft

The Barbados Opera Festival, not quite such an oxymoron as military intelligence, but bizarre enough to arouse a patronising smile. Four years ago Barbados, aware that in a shrinking world there is no shortage of sand, sea, and sun destinations, attempted to steal a march by launching a pocket opera festival.

It was the idea of some of the richer friends, like Johnny Kidd and Michael Pugh, supported by the smart hotels and the tourist board. Some English singers and a pianist were flown out, and for a few days Mozart and Verdi was trilled around the palm trees.

Tonight Luciano Pavarotti brings the Holders Season to a conclusion, singing to 10,000 people on the polo ground in front of Holders, the Kidd family home on an old sugar plantation. From small sopranos to big tenors in such a short time is a remarkable achievement, and one that has shaken Kidd to the core.

By chance rather than design, most notably the resignation this year of the artistic founder, Richard Hamilton, Kidd has ended up as the impresario of a free-wheeling three-week festival, mainly concentrated on his front lawn. Hence the change of name, and hence an unanticipated, but profound, improvement in the long-term prospects of the festival.

By fixing it in a beautiful tropical garden, where tree frogs compete with the sing-

ers for the ears of the audience, and bougainvillea drooping over the mahogany is enough to make any set designer giddy, the Holders Season offers a distinctive experience before a note has sounded. Rich opera addicts, doomed to wander the world in search of an ever more exotic vocal fix, can safely add Holders to their schedule.

Inevitably the operas produced have been popular crowd pleasers - this is basically a new art form for a Caribbean island. But this year, on top of toothsome versions of *The Marriage of Figaro* and *La traviata*, things got completely out of hand artistically and commercially, and from being a modest affair with a budget hovering around \$150,000, Holders has become a \$1.5m business.

The unexpected conjunction of two quite distinct events catapulted Holders into the big time. Pavarotti, who has fallen in love with Barbados after a string of happy holidays there, offered to sing for a modest fee, and a Barbadian historian Kevin Arthur discovered a Barbadian opera, or rather an opera set on the island.

And not just any old opera. *Inkle and Yarico* was



With Deborah Meyers (Yarico) and Duncan McKenzie (Inkle), Inkle & Yarico is hard to better

the sensation of its day, which was 1787 at Covent Garden. With music by Dr Samuel Arnold, the Lloyd-Webber of his age, to a libretto by George Colman the Younger, it was a smash hit and stayed in the reper-

toire for more than 40 years. This strong, reputedly true, story of Inkle, a rich merchant who is shipwrecked in Venezuela, is a powerful moral message, and some spritely tunes, love songs and comic songs;

world, only to sell her into slavery, had everything a contemporary audience cherishes: plenty of exotic business and scanty costumes; a powerful moral message; and some spritely tunes, love songs and comic songs;

shanties and ballads, that must have tinkled around the drawing rooms of England then, and which Roxanna Panufnik has arranged for a small band from the RPO to play now.

Seeing *Inkle and Yarico* for the first time since 1830 is a stirring experience. Its message is stridently anti-slavery; anti-masters; anti-money. It is full of surprises, especially for Kidd, for what was anticipated as an opera turns out to be an entertainment with music. Much of the contemporary burlesque has not survived the centuries happily, and might have been prudently clipped, but the powerfully affecting plot and the music, often based on folk tunes, hold the interest.

By the finale (and the first Inkle, Mr Bannister, Junior, insisted on a happy ending) producer Jonathan Moore has the confidence to forget authenticity and let rip. Reggae star Eddie Grant has added contemporary music, and with fire eaters and stiltmen, a steel band and exotic dancers, a carnival happily unites the cast and audience, and two hundred years of show business. *Inkle and Yarico* is a gem waiting to be exploited further. If it gets a quick revival Deborah

Meyers will be hard to better as Yarico, sweet voiced, lithe bodied, a tear-jerking crowd pleaser. Out of Barbados *Inkle and Yarico* might seem a curiosity; at Holders its story grows from the soil.

Inkle and Yarico cost a fortune to present - elaborate costumes, worthy sets, a large cast, including Ed

Seeing Inkle and Yarico for the first time since 1830 is an experience

Tudor-Pole as the comic toff. Its extravagance can only be justified by the proceeds from Pavarotti. Although there are \$2,000 tickets, which includes the chance to eat and drink with the great man, most Barbadians will pay \$20. He is keen to spread opera, or rather classical melodies, to a new audience. He is thinking of putting down roots in the island. This is a chance for a big party. It is the event of the year. Johnny Kidd bleaches at the thought of next year's

festival growing so large. There are plans to bring over a Trinidadian version of *L'elisir d'amore*; it is possible there could be *Falstaff*, perhaps *Five Guys Called Moe*. All the time the search is on for Barbadian or Caribbean artists. This year there was a calypso festival featuring the 84-year-old Raging Lion; next year there should be a bigger black contribution. And perhaps Thomas Allen, or Lesley Garrett. Like early Glyndebourne, Holders can entice the stars for a working holiday.

Holders is a fashionable event with a social conscience. Its setting, and its commitment to improving standards, make it attractive to sponsors: the hospitality tents have already started to infringe on the flowerbeds. Kidd is in an enviable position. The festival costs him money but he is reluctant to sell out to a commercial sponsor who, with \$100,000, might set it on a firm financial footing through marketing to cultural groups but at the loss of its initial aims.

What Holders needs is a philanthropic sponsor who will put as much emphasis behind the Barbados Youth Orchestra as the RPO, behind promoting local dancers as Guildhall tenors. By going for broke this year Holders created small ripples in the international arts world.

It now faces the difficult task of continuing to balance the rare and the safe, the exotic and the familiar - and the books.

ARTS

All we know and why

Jackie Wullschlager on an audacious show of knowledge

The taxi driver called it a "bêtise". The builders, still converting makeshift wooden steps into a sweeping stairway, could not point out the entrance. The elderly Parisian lady with whom I joined forces on the wind-swept concrete plaza said everyone hated the place.

Lost in the second largest library in the world, the new Bibliothèque François Mitterrand, or, as Parisians mockingly call it, the Très Grande Bibliothèque (TGB), we stared at the four hideous glass towers meant to resemble open books and, notoriously, too sunny to accommodate the volumes they were built to house. We cursed the open-air travelers leading to the reading room in the bowels of the building which leave visitors disorientated, exhausted and, on a bad day, wet.

Then we went inside to find warmth, grandeur, helpful staff and a launch exhibition, *Tous Les Savoirs du Monde*, which only the French could have the audacity to stage. Inspiring, provocative, overwhelming, absurd, this massive show matches the monumental design of the TGB. Like the library, you can love or hate it, but you cannot help admiring its scope.

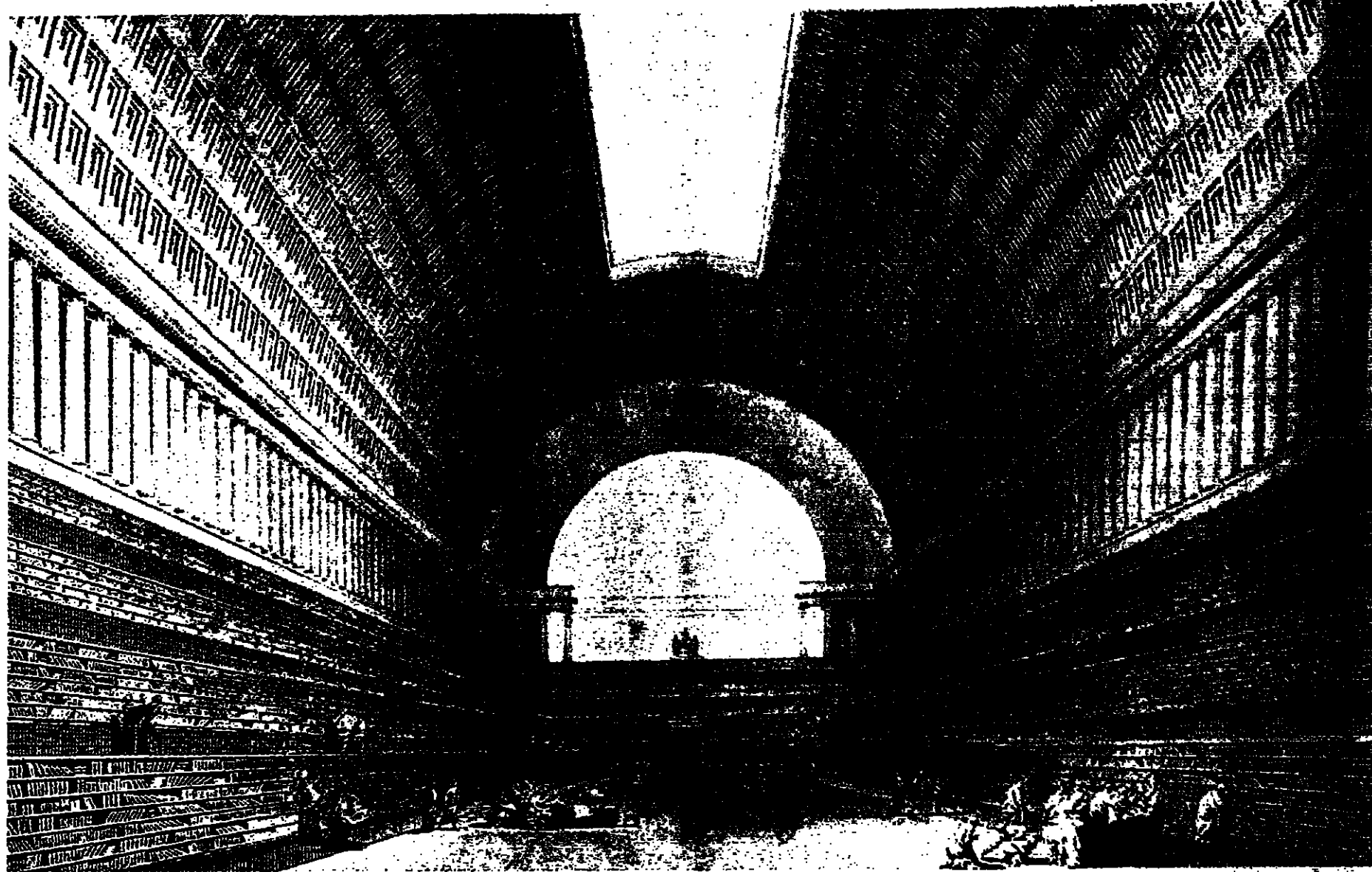
It traces "the great moments in the history of knowledge" from the birth of writing via the invention of printing to the information revolution on the Internet. Through 600 choice items, from Mesopotamian engraved tablets and medieval illuminated manuscripts to the first encyclo-

paedias, gramophones and the latest Microsoft discs, it bears witness to what Aristotle called man's natural passion for knowledge.

Once inside, there are many routes. You can spend a day enjoying a collection of exquisite objects - the oldest Plato manuscript, from 9th century Constantinople; an astrological manual from a 10th century French abbey. Or follow the history of "l'esprit encyclopédique" from Bacon to Diderot to Larousse. But not for nothing is this the opening show of a François Mitterrand monument: overall hangs the socialist message - a celebration of the democratisation of learning.

The first libraries were put together by princes who sent out emissaries to bring everything written - stone tablets, papyrus, manuscripts - back to their palaces. Ashurbanipal at Nineveh, the ancient collections at Alexandria and Pergamon. Centuries on, the law which obliged publishers to deposit one copy of each work in the great copyright libraries in London, Paris, Washington, was a democratic version of this prerogative. In today's society, the ability to control the flow of information makes businessmen - Bill Gates, Rupert Murdoch - as wealthy and powerful as emperors, while politicians such as Mitterrand and tycoons like Wafic Said seek immortality through libraries or colleges bearing their names.

Tous Les Savoirs du Monde tells the story of how monarchs, governments, religious authorities, have always recognised the link



Projet de Bibliothèque royale (the royal library project) by Louis-Etienne Boullé Gravure, 1785

between knowledge, power and status. In China, the first encyclopaedia was compiled by imperial edict in AD220. Throughout 8th-10th century Baghdad, the new Abbasid rulers ordered the translation of foreign works encountered through Islamic expansion, and thus controlled a cultural revolution: Aristotle's *Poetics* translated into Arabic in a sumptuous 9th century manuscript; ancient medicine; Greek philosophy; Indian astronomy; Persian literature. The strength of the secular in medieval Islamic culture is a revelation of this exhibition, which places philosophers like Ishaq ibn Hunayn, an English Franciscan friar, wrote *De proprietatibus rerum*, in 19 books, starting

astronomer, mathematician, chemist, geographer and historian, among the world's greatest "héros de savoir".

In the west, by contrast, medieval monasteries and cathedral schools had a monopoly on learning and directed it towards religious contemplation. An early manuscript of *The Consolation of Philosophy* from the School of Chartres shows Boethius visited in prison by a beautiful young girl. Philosophy, whose ladder represents the degrees of wisdom rung by *via practica, contemplativa, theoria*. In 1300 Bartholomew de Glanville, an English Franciscan friar, wrote *De proprietatibus rerum*, in 19 books, starting

with an article on God and ending with a list of birds' eggs. But the word encyclopaedia was not invented until the 16th century when humanists saw a secular liberal culture as the basic education for Renaissance man.

For the French, the profusion of Renaissance catalogues and dictionaries, seminal works like Francis Bacon's systematic classification of all branches of knowledge, *The Great Instauration*, are a mere prelude to the glorious Enlightenment "tumult". A central room is devoted to Diderot and d'Alembert's 35-volume dictionary of universal knowledge, *L'Encyclopédie* (1751-76), exhibited alone in an illuminated case, surrounded by huge blown-up

placards of key diagrams such as the *Système Figure des Connoissances Humaines*. Diderot and the philosophes - Voltaire, Rousseau - set out to give a rational explanation for all aspects of existence; their attacks on superstition attracted the fury of church and state, but won huge popular approval, and the original investment of FF1m in the encyclopedists yielded a 300 per cent profit.

In the *Tous Les Savoirs* version, this was the epistemological revolution: "with this first modern encyclopaedia, the history of knowledge became that of human progress. The encyclopaedia was no longer the cultural ideal of a literate individual, but the collective realisation of a

Republic of letters". It led to Pierre Larousse's 19th century ideal "tout le savoir pour tout le monde" (all the knowledge for all the people) in creating the *Grand Dictionnaire Universel*; to the Victorian mania for collecting and classifying - Leslie Stephen's *Dictionary of National Biography*, for example; to the building of the vast national libraries in London and Paris as people's "basilicas of knowledge".

You emerge from this historical voyage into the bright multi-media room of the TGB, which offers a virtual reality rerun of the show as well as a host of interactive screens and most of the exhibits on CD-ROM. Are we meant to rejoice in the Bibliothèque François

Mitterrand as the final to a democratic dream? Or is there a post-modernist joke here against the TGB itself, suggesting that even a new library is a museum place when Internet surfs cruise the worldwide web without leaving their sofa, and that knowledge is changing so rapidly within an individual's lifespan that the books we know when young may be irrelevant by the time we are old? Either way, this is an upbeat exhibition which makes us question why we know what we know, and is always compelling.

Tous Les Savoirs du Monde, at the Bibliothèque Nationale at Tolbiac, and François Mitterrand, Paris, until April 6.

Time and space at the Whitney rave

1997's Biennial has it all, says Lynn MacRitchie

Traffic was stopped for a block on Madison Avenue, crowds were held back behind police barriers, a downtown rave rocked the financial district until the early hours; New York's Whitney Museum certainly knows how to party. And the reason for all the fuss, the opening of its Biennial exhibition - the eagerly awaited two-yearly survey of American art - this year gives genuine cause for celebration.

Four years after the 1993 show triggered an explosive debate around political correctness, and two after the somewhat strained quietness of the painting-centred 1995 exhibition, 1997's Biennial has got it remarkably right. Its two selectors, Lisa Phillips, a curator at the museum since 1984, and Louise Neri, US editor of the art journal *Parkett* and the first ever non-Whitney selector, have chosen well. They have installed the show with sensitivity, allowing all of the 70 or so artists to be seen properly, balancing older

and younger generations, large scale and small scale work, installation, film, video and painting to make a whole which demonstrates that American art is neither a bawling cacophony of aggrieved interest groups nor a quiet oasis of paint on canvas, but a universe of simultaneous ideas and practices as complex, vibrant and various as the country which produced them.

This Biennial deals gracefully with complexity. "We didn't want it to be a confounding show," Louise Neri explained. Thus the huge installations of Chris Burden, Paul McCarthy and Jason Rhoades are balanced against the carefully crafted miniature paintings of Shazia Sikander and the obsessive ink drawings of Bruce Conner. In this show, size is not everything: Neri and Phillips looked for "intensity, complexity and the presence of the hand" in the work, and have found them in pieces large and small.

Certain themes emerged as they made their odyssey

through more than five hundred studios and looked at thousands of slides. One was a belief in the importance of process and practice. In the artist's involvement in the making of the work - "none of these pieces were delegated or produced industrially," Neri said. Another was the role of representation. But while many of the works are figurative, their presentation of people may not be quite as expected.

Thus in Richard Phillips's carefully crafted paintings of beautiful women, the glamorous image may shudder into doubt, the lovely face may be a mask which can be peeled away. For Leonard's crumpled family snapshots are in fact reconstructed fakes. This process of "taking the familiar and shifting it a few degrees," Neri and Phillips characterise as producing a sort of "surrealism of the everyday," familiar to all who live in a media-dominated society where things are often not what they seem.

They were also fascinated by artists' ability to shut the studio door and create their own worlds, drawn from their experience of the everyday but transcending it. "I believe in the metaphysical dimension of art," Neri told me. Good examples of this sort of work are the exquisite paintings by Vija Celmins of the night sky, shown next to a table full of enigmatic objects created and collected by Gabriel Orozco, or the deeply disturbing installations made by Louise Bourgeois from her own clothes. Not content just with twisting the everyday, some artists make their own worlds, such as Matthew Ritchie, who in exquisite ink and pencil drawings and larger oil paintings such as *Seven Earths*, 1996, manufactures a cosmos and creation myth all of his own. Chris Burden, in his enormous installation *Pizza City*, 1991-96, made from hundreds of toy buildings, cars, ships, planes, railways, trees and monuments, collected over years and arranged on rickety table tops like crazed architects' models, seems to be trying to give us a chance to step back, to get an overview of how we live, a touch-



Beautiful, maybe not Richard Phillips's Allen, 1986-1997

ing but futile attempt to regain control of the ever mutating, ever spreading force of urban life.

In another first this year, artists who were not born in the US but have chosen to work there have also been included. In *Treatment with Memories*, 1997, an installation made for the exhibition, the Russian artist Ilya Kabakov, who now lives in New York, has invented and constructed an imaginary old folks' home in which the inmates, lying in a series of single rooms off a bleak corridor, may gaze at a slide show of their past lives projected on the wall.

A recorded voice tells the stories of the faded images. Kabakov includes his own past, recalling his 20 years in a studio in the centre of Moscow, where he and his artist and writer friends would meet clandestinely to show and read their work. Despite the restriction and difficulty of this life, the sense of nostalgia for something lost is overwhelming. Kabakov's characters, with their tales of deprived and cruelly crowded lives, look hauntingly beautiful as they gaze out from the soap shots of their big and small moments - graduation, a new baby, and a camping trip, when, on bedding down for the night beneath the trees the recorded voice

observes, "I couldn't imagine ever being happier." In the new world of America, all is bustle and change, the certainties are gone.

In Kerry James Marshall's paintings, the black children playing in the pretty suburbs of *Our Town*, 1995, do not look at their faces: their faces are sombre, withdrawn, the cosy setting surrounding but not encompassing them. As the American dream of shared progress has fractured in confusion and disappointment, it can be comforting to dream of a simpler, gentler world. Bruce Nauman's installation *The End of the World*, 1996, features musician Lloyd Maines playing an Appalachian folk tune on the dobro and slide guitar. Its lilting tones conjure up the old world fled from in reality but still present in memory, the strains of its melodies haunting the new world air. The Nauman installation is a good place to pause and sit for a while: this Biennial does not run away from the difficulties and complexities of American life, but, by presenting such a varied and rich array of the work of its artists, gives time and space to think about them.

1997 Biennial Exhibition, March 20 - June 1, Whitney Museum of American Art, New York. Sponsored by the New York Arts Sponsorship Programme.

Radio / Martin Hoyle

Truth not yet revealed

Truth is not to be our currency for the duration. Not as sinister as it sounds - I mean merely that Martin Bell's promising sounding Radio 4 series about television news, *The Truth is Our Currency*, which should have started yesterday has been held over until May 2, by which time one hopes truth will not already be a casualty.

Meanwhile we suffer an interregnum of Jeremys. This is the generic name for a new privileged group. They toil not, neither do they spin; yet Solomon in all his pun-ditry could not compete with these blossoms blooming on the compost of our popular media. At best they ask the questions of the great and good, or infamous and bad, that we all long to. At worst they sit in implied judgment and batten off the doers, strivers, successors (and fall-

ers) of society. Jeremy Paxman, sneering at the ceremonies of parliament, snortingly hopes the Commons will one day tell Black Rod what to do with it. Jeremy Vine, his crasser clone, incredulously refers to some rituals as being partly in French (twice he couldn't get over it). One has never heard of the democratic right of the Commons to bar the monarch from their premises; the other has never heard of the Norman Conquest. Each evinces a contempt and lack of curiosity for the complex, painful, sometimes bloody, evolution of the system that enables them to jeer at public institutions with impunity.

A society that forgets its culture is ripe for colonisation. I wonder why that occurred to me as I flicked through last weekend's radio. *The Americas File* (excellent Bridge Kendall introducing items from Alabama to Argentina), *Live from the Met*, *Ribbons and Revelations* from "America's largest women's college", *New York Diaries*, *The Life and Crimes of Lenny Bruce*, *Noel America*... Oh - and *Feedback* where my FT colleague Chris Dunkley prized an admission of a glut of Americans on Radio 4 from a senior figure who sounded slightly apologetic.

An awareness of one's own cultural context was beautifully shown by Harry Pearson's *Racing Pigs and Giant*

Morrows, a survey of the English country fair, perhaps aptly filling the space left by *Yesterday in Portico*. Solid historical knowledge, sceptical social comment, not nostalgic or "heritage"-conscious, these readings on the evolution of market-fairs from the Romans to Cumberland wrestling, were fascinating.

On the same wavelength, in all senses, is the repeated *Memoirs of a Maladjusted Teacher* (Saturday night, R4). Nick Yapp is funny, touching and briskly humane remembering his juvenile charges. My favourite is the small boy who would put on a woman's dress, shove a pillow up the front and rush into the street screaming "My Gawd, me water's burst" as he pretended to give birth before startled passers-by.

Viewing *Essential* also gives glimpses into lives half sad, half funny. The chief absentee in this study of would-be house-sellers and buyers is the wife of Danny, still in the marital home in Sussex while her husband finds his sexuality and a new

pad in London, not scene. Danny's tribute to their marriage was as fulsome in the first programme that you knew somebody had been terribly hurt. So has Laura, another ex-wife, co-sleeping her beloved grand piano as she tries to sell the former family home. The programme privately asks potential buyers, what they think of the house after viewing it? A rather supercilious couple, indeed. "It's abandoned." One room was full of cigarette ends, said the wife. The house would be bought by someone "with money and very little taste" - Mr and Mrs Average. Cut to Laura, a study in unhappy loneliness: the house is no longer a sanctuary, it is "part of my old life, walking away, dissolving...". Bernard Shave cuts, famously declared that the rows of suburban houses viewed from a Home Counties train held as much tragedy as them. This deceptively bland series - *Rita RA's* splendid *The Corner* of which more next week - hauntingly proves his point. Which cues a reminder of Peter Hall's production of the Oedipus plays on Easter Day (R3).

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Arts & Culture

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How to Spend It

When his two daughters pleaded for a pony, George, a successful city solicitor who had just moved to the country, was surprised when he looked through *Horse and Hound* at how cheap they seemed to be. For £1,000 there was a huge choice of suitable-sounding ponies to grace the two-acre paddock behind the house.

George knew nothing about horses. The children were having riding lessons and he had set aside the interest from his first Tessa to buy a pony: what should he do next?

"How To Spend It" went straight to the horse's mouth.

"Hello. I am what is euphemistically called the perfect child's pony, but only if the children are taught to ride properly and I'm well cared for. Otherwise, I can turn into the pony from hell. Cause and effect, you know."

"George's children are having riding lessons, and even better, they are going to a school approved by the British Horse Society. It was there they met me. They should stay all day at the riding school and learn to muck out and clean tack. If their enthusiasm wanes, don't buy. If George had responded to an ad in *Horse and Hound*, he should have taken someone knowledgeable with him. And any prospective purchase should be vetted. A lame pony is just as expensive to keep as a sound one."

"Both children have already been fitted out in the new PAS safety-rated skull caps, jodhpurs and boots with reinforced toes. This would have cost £100 each."

"The most important thing to remember when fitting me out is to get the saddle, old or new, fitted properly. Apart from a bridle, other items needed are a head-collar and rope, grooming kit and buckets. You won't get much change from £700."

"I may not seem to need much looking after turned out at grass. But I must have fresh water and be checked twice a day; I can't just be left when you go off to the Bahamas. I will also need to be wormed regularly, my annual vaccinations kept up to date, and my feet trimmed back by the farrier every couple of months."

"George could do no better than ring the British Horse Society, the charity devoted to the well-being of the horse. Its welfare department is delighted to offer free advice - especially to would-be or first-time horse-owners. Are your children committed? Have they/you the time it takes to care for a pony? It also lists all its approved establishments in *Where to Ride*, (£5.95).

"I'm 15 years old, so I've had a few owners in my time. The worst was the family who kept me stabled all day with not enough hay and hardly ever exercised me. Of course I was irritable, bit the children and bucked them off."

"But I'm happy to be out at grass. In winter I will need hay; and the colder it gets the more I'll need. A New Zealand rug would help to keep me dry; they range from £35 to more than £100. In the summer, too much lush grass could give me colic, or laminitis; both are very painful and can be life-threatening. George's paddock, by the way, is full of ragwort, which is poisonous and must be pulled up."

"Ponies aren't on the National Health, and caring owners make sure they are insured. I escaped and galloped across a dual carriage-way once and although I wasn't hurt, there was a lot of crumpled metal; my then

owner was glad of the £3m public liability third party cover and free legal aid. George is a professional man, so he'll have thought of this. He'll probably be sending his children to boarding school in a couple of years. If he buys me, he'll then either have to sell me; pay someone to look after me, either at home or in a DIY yard; or put me in a livery. He might consider investing in Peps for income rather than growth."

"But meanwhile, as long as the children continue with their lessons, they should be clamouring to join the Pony Club and compete at shows. That means I will have to be fit. No more munching grass all day. I should be stabled at night, clipped and rugged-up in winter, exercised, and given concentrated feed such as pony nuts to give me energy. I will also need to be shod every six weeks at £40 a set. "So unless George builds a



Talk to your pony - he will know what you mean

stable, I will have to go to a yard sooner rather than later."

"By now the children will need more gear, and so will I. They will need a show jacket (from £50), a body protector (also from £50), a

cross-country shirt and matching silk for their hats (£30), gloves and whips. And they will need a pony each. Time to cash in those share options. I shall need brushing boots to protect my legs at £40 a pair, over-reach

boots (£10), a sweat rug or cooler (£20).

"A stable at a DIY yard will cost from £15 a week per stable and owners are expected to provide their own shovels, forks and a wheelbarrow. Straw is the warmest and cheapest bedding, but I could so will need shavings at £5 a bale. With hay and pony nuts, my weekly bill will be about £30. But George will have to pay someone reliable to muck out and exercise me during term-time."

However, since my exercise should include lots of schooling and lunging as well as hacking to keep me fit for the holidays, unless the DIY yard has an indoor or outdoor school, poles and jumps which the children will need to practise over by now, full livery would be far more convenient."

"The minimum rate for this is about £50 a week, to include stable, bedding, hay, feed and use of a turn-out

paddock and schooling facilities, but no grooming or exercising. Liveryes to include this would start from £85. Some yards will do a working livery, where ponies or horses are used for lessons and hacks, which would be a cheaper alternative."

"By now the children will have paid their £22 to join the Pony Club. They will probably pick the most competitive branch nearby with the help of *The Pony Club Year Book* (£3.25 from the Pony Club; George will note that the £22 includes third party insurance). The Pony Club has just gained its own charitable status, is run voluntarily and holds rallies and camps with qualified instructors during the holidays. It aims to be informative, fun and safe. Membership is open to children until they are 21. Well before that age, of course, they'll need a horse."

"It was with the Pony

Club family I had the most fun. I love competing and jumping - as long as I'm fit enough. There's nothing like being plaited up at the crack of dawn for getting the adrenalin going, and then the journey in the trailer. Yes, the Mercedes will have to go; a Range Rover is far more suitable. New trailers cost from £3,000, second-hand ones from £800. Of course, with two ponies and all their gear George might go for broke and buy a horse box. But this is really a horse-sized bill he may not want to consider, just yet."

"So you see, the fact that there are 3m riders in England and only 500,000 horses (according to a BHS survey) is not surprising. Why buy a pony? Straight from the horse's mouth, all I can say is that it is nice to have a human to call one's own."

British Horse Society and The Pony Club are both on 01203-656592.

Straight from the horse's mouth

Buying a child's pony can be cheap, but as the animal explains to Caroline Cross, there are unforeseen hazards

Garden gallery openings

Today's fine garden sculpture owes more to Moore than Rodin, notes Clive Fewins

Once it was all cherubs, winged figures, heraldic beasts and mythological figures that featured in the gardens of people tuned in to fine statuary.

Nowadays the figures are different. If they are of humans they are more likely to be symbolic, in the style of the late Henry Moore, rather than portraits. But according to the Royal Society of British Sculptors, individually commissioned bronze figures of animals that might cost as much as £10,000-£20,000 are enjoying greater favour than representations of human figures. Water features involving sculpture are also very popular.

Odd-shaped abstracts in steel welded together and weatherproofed to face the elements are also much in demand.

"Nowadays many students of sculpture learn welding and bronze casting as part of their art college courses," said Phillomana Davidson Davis of the RBS who manages the society's commercial arm, The Sculpture Company.

Garden sculpture is a subject many find hard to grasp. People who have decided they would like a piece often find it difficult to know what material to choose or where to go for advice.

At this time of year garden centres are full of exterior ornaments and statuary. But few sculptors worthy of the name would be willing to have their creations shown at such places; nearly all of these items are of mixes of stone and concrete - known in the trade as "cast stone" or "compo".

There is nothing really wrong with this. At a sale of weathered cast stone garden statuary run by Phillips auctioneers at a country house in Kent last year some items were sold for almost twice as much as their retail price.

However the comparison between cast stone and real sculpture is akin to buying clothes at a high street chain store rather than from Armani or Dior.

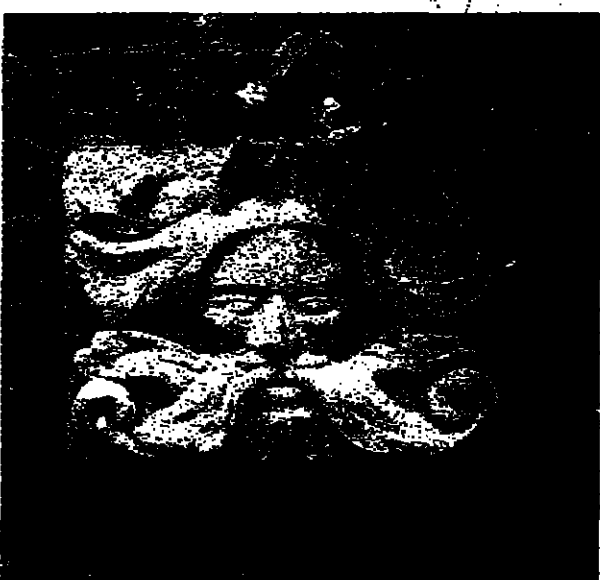
It is, as Davidson Davis says, "horses for courses". Some sculptors also look down on pieces cast in bronze resin - a synthetic material that is remarkably like bronze but lacks the depth and quality of colour and what Davidson Davis calls "the tactile quality" of bronze.

Items cast in this material cost about a quarter of the price of similar pieces in bronze. Works can also be cast in white marble resin or lead or iron resin.

So how do you start on the trail of finding a really nice piece - or the inspiration to commission a piece of your own?

A good idea is to ask your local potter. Most know a handful of sculptors, a good many of whom shelter under the umbrella of being ceramists.

Several well-known ceramists produce garden pieces specifically designed to withstand the elements. They vary from bird baths on tall timber bases to decorative stoneware stools and tables, all year-round shallow dishes designed to grow alpines in, to decorative abstract pieces in heavy earthenware. Prices range from £150 to £350.



The Green Man of Sandridge House Sculpture

Davidson Davis also advises potential buyers to seek out local galleries. They are likely to have lists of local artists, even if they have no forthcoming shows that might be of interest.

Another obvious approach is to wander round the big London galleries and try to find what you like.

If you are really enterprising, you could take a look at the postgraduate degree shows, usually held in the early summer, at the art colleges in your region.

If your requirement is for a pensive reclining figure in terracotta, or an unclothed young lady in the same material lying in the undergrowth, it is possible to find something for a little over £120.

An interesting but more expensive alternative is a wire sculpture. Sophie Ryder

trained to be a painter at the Royal Academy but taught herself to weld while a student.

She is nowadays a leading exponent of mythological beasts in wire that she sells to galleries and museums. The prices range from £2,000 to £30,000.

For a really individual lifelike figurative piece in limestone, you should expect to pay between £10,000 and £20,000. If it is cast in bronze, it will probably cost more.

A cheaper option is available in the series of items carved in Bath stone by Sandridge House Sculpture of Melksham, Wiltshire.

There are 78 items in the list, ranging from pigs, cats and upright frogs to great men, ram head masks, fountain heads, large urns and Doric columns. Prices range from £20 to £4,000. All items are carved to

order in natural stone. However, for the first time the company will be exhibiting a cast stone figure - a limestone effect Staffordshire bull terrier - at Chelsea Flower Show in May.

"Many people prefer stone to other materials because it is very seductive, and being a natural material it has delicate 'tonal' qualities that often blend in with the landscape," said Davidson Davis.

"Bronze lends itself to the figurative and ably reflects the great British love of animals. Stone is somehow more earth-bound."

The RBS's commercial arm, The Sculpture Company, has a resource centre which includes a photograph library, catalogues and videos. It is a good place at which to make initial investigations.

The Crafts Council (0171-806 2500) operates a slide loan system which might also prove helpful.

Helpful addresses: Royal Society of British Sculptors, 108 Old Brompton Road, South Kensington, London SW7 2BA. 0171-573 5615.

The Hatched Feather Sculpture Garden (opens to the public May 11) Standon Lane, Caterham, Surrey RH23 5QA. 01883-62555.

Sandridge House Sculpture, Sandridge House, Melksham, Wiltshire SN12 8QZ. 01265-26355.

Solo, Ford Woodhouse, Barwick-on-Trent. 01509-516434 - the national register of reclamation specialists - will send you a printout of companies likely to stock used items of garden statuary in your region for £5.75.



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HOW TO SPEND IT

Fashion

Pundits pick a popper for posterity

Avril Groom seeks the views of professionals on what will become commercially successful

During the Dior haute couture show last January a model appeared on the catwalk wearing a corset and neckpiece made of brightly coloured, tiny Massai-style beads. So striking were these accessories that by March they were on the cover of French Marie Claire and several other magazines. By the end of the month, girls on the Metro were wearing armfuls of beaded bracelets, gleaned from the African trinket sellers in Paris markets.

This is a classic example, says Selfridges' merchandise director Paul Higson, of what American buyers call a "popper" - an outfit that the minute it appears, is recognised as having the potential to influence fashion the following season. Rarely is the progress from catwalk to commerce so rapid or well defined as the beads, but accessories are easier to copy than whole outfits.

The perpetrator of Dior's popper, John Galiano, is a past master of such imaginative leaps - think of the wasp-waisted 1950s-style dog-eared check suit (itself owing much to Dior) which, way ahead of Evita, he designed for spring 1995 and which still influences the middle market worldwide. Gucci's Tom Ford is another popper specialist. His androgynous, trousered velvet suit for autumn 1996 crystallised the 1970s revival. Sometimes it is a whole

collection rather than one outfit which creates this effect. This summer's range of mass market styles can be defined very simply by Prada's Oriental silks, Missoni's striped knitwear, chiffon roses from Dolce e Gabbana or Anna Molinari and Gucci's simple asymmetric or bandeau dresses. The latter are so modern and directional that they will have an even bigger influence next season, as the recent autumn collections proved.

Some trends are mere fads which, filtered by more accessible designers, finally bloom in our wardrobes seasons later. For example, the Oriental blossom hairclips which are one of this spring's must-have accessories date back to Galiano's "black" collection for autumn 1994.

So what gives an audience the collective frisson of a fashion moment? Does the designer, standing back stage, know which outfits have the potential to pop? Or is it the pure chance of a photographer catching the right model at the right moment to create an image which is repeated so often in the media that it becomes part of the fashion subconscious?

I have sought the views of professionals from both front and back stage and from press and buyers' ranks, and asked them to suggest what might be the success stories for next autumn.

All agreed that it has to do with the right combination



Alexander McQueen for Givenchy mixes 1980s tailoring and streetwise panache: grey flannel mini coat-dress for autumn/winter 97 - the archetypal popper

of circumstances, rather like an auspicious astrological conjunction. "Fashion is a close-knit world," says Alexandra Shulman, editor of British Vogue. "Designers, stylists, journalists and buyers are all subject to the same cultural influences or zeitgeist, so we have a similar perception of what is new and fresh."

But, she warns, "there is a danger that we who are close to a continual barrage of theatrical shows only respond to the outrageous. For an idea to be valid it must be both new and believable to the customer. So, although I think hard-edged 1980s tailoring from Alexander McQueen for Givenchy or from Gucci is exciting, it is too soon for it to be commercial."

"I think autumn's real story is the intriguing juxtaposition of hard and soft, the mix of a boiled wool double-face coat with fragile chiffon, as beautifully done by Alberta Serretti or Cerruti. And with high stilettos for an edgy look."

John Fairchild, soon-to-retire proprietor of top American trade paper Women's Wear Daily, agrees. "I wouldn't say that what I like is necessarily what will be commercial. I still get surprised," he says. "But there are some dead certs. Before his Gucci show Tom Ford told me he thought his patent needle-heel stilettos would be a big hit and from the amount of media coverage I'm sure he's right."

From the designer's point of view, feedback from their team helps establish which outfits deserve the attention due to a potential winner. Angela Missoni works on the collection with her parents, Rosita and Tai, in a family which exchanges discussion and ideas.

"Everyone in the workroom has their say and this helps us work out before the show which will be the key pieces. Usually it's something new which we can visualise wearing. For autumn, one dress was long and bias-

cut in section, each worked in a different pattern knit in neutral shades. Everyone loved it and when it went out I waited for the applause. It came exactly as I expected."

Other designers feel differently. Karl Lagerfeld, a veteran hit-maker for Chanel, says he can "only suggest, never dictate" and can still be surprised by which styles take off. "I do know that if I design something straightforwardly commercial it won't work," he says. "The old four-seam jacket is dead. At this price women want something exciting with real design input."

There are, however, ways of manipulating the situation. Though John Galiano's shows are pure theatre, they can often mask quite commercial clothes - his slouchy wide grey flannel trousers were seen, along with Gucci's, as one of the autumn's key pieces, despite the jokey, sexy schoolgirl presentation. It goes further - each model is seen in only one outfit.

"That way we have time to do hair and make-up specific to that style, so the model lives it 100 per cent," he says. "This is not to say the outfit is particularly designed for that girl - I believe my clothes can be worn by many different women - but it helps get the best possible projection for each outfit."

This is crucial for the photographers and that all-important image which can seal a key piece's fate. Catwalk photographer Niall McInerney says: "Most of the time you're concentrating on the technical side, trying to get the best shot in the time and conditions available. Just sometimes the atmosphere and the girls electrify and you realise you are in the presence of something great. The January Dior couture show did it for me, with Galiano and Givenchy's autumn shows a good second."

McQueen's show for Givenchy seems to have satis-

fied the criteria of the archetypal popper: it combined the excitement of strong new ideas (sculpted new 1980s tailoring and a daring street-walker style) with well made suits and coat dresses that look commercial even when styled for the catwalk. Selfridges' Higson, whose store until recently was less than keen on cutting-edge fashion, was ecstatic.

It exactly suits our drive for a new image," he says. "There was so much that will sell at the top end - plustripe or moiré trouser suits, soft leather, simple bandeau dresses - but it all has an exciting bite too."

Not every customer is suited to this look and Joan Burstein of Browns finds that a softer style sets her pulse racing. "Sometimes you see a collection of sheer



Masai beads for summer by Dior: from couture to popularity on the high street via other designer labels and local markets

Photographs by Niall McInerney

genius and you feel exhilarated by it but often the ideas take time to reach the commercial level," she says. "Comme des Garçons is a case in point - it almost needs diluting to be understandable for many people. And 1980s tailoring will be slow to take off because it's too soon. At present I'm looking for softness, simplicity and luxurious fabrics. Collections such as Jil Sander, Dolce e Gabbana and Missoni give me that essential must-have feeling."

This is the ultimate buyer's criterion, a feeling well known to Angela Quaintrell of Liberty's. "At Workers For Freedom's Show in London, after the first six long skirts with antique-looking velvet and a little embroidery, I felt that distinct leap in the heart. I not only wanted to buy it, I wanted to wear it all."

"It's that happy accident of a designer being in tune with the mood of the moment but doing something different enough to capture the imagination. I also felt it with Gaultier's colours, Galiano's grey flannels and silk jersey dresses and, especially, with the way Yohji Yamamoto puts a humorously intelligent twist on his very Japanese cuttings."

In the end, she says, it is instinct - the same word used by designer Anna Molinari to describe how she captured perfectly the fragile, blousy, thrift-shop look which is the essence of this summer's fashion. Instinct and, she points out, a helping hand from London's Portobello Road market and watching the stylish girls who dress there. London was the Mecca of design inspiration for spring. Everyone in

the business knows this; they all understand the messages that result and react to them in a similar way.

For autumn there is more choice. One set prefers to continue on the same lines, while the other glances at 1980s New York power dressing for inspiration.

This makes great catwalk material and was thus much admired. But when it comes to wearing, London's fashion editors are keen, like Quaintrell, to place their orders with Workers For Freedom.

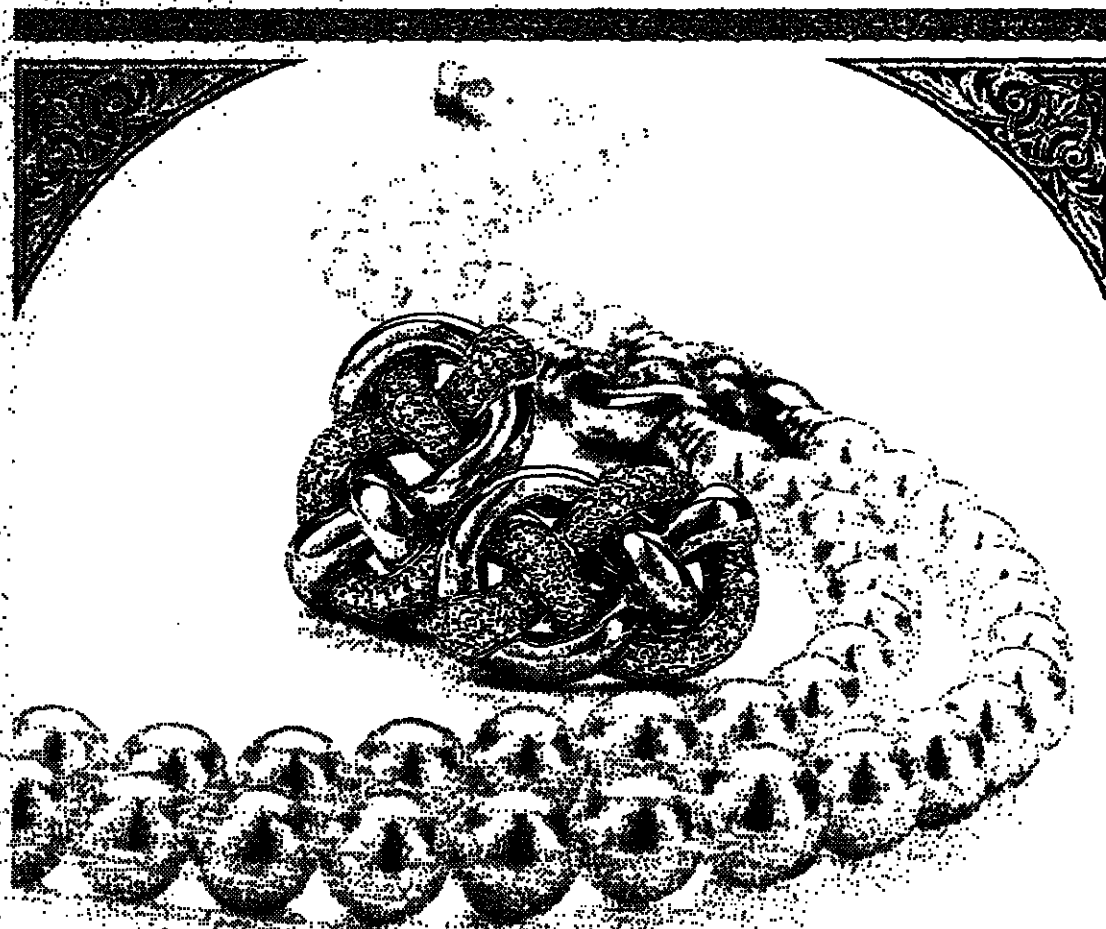
As the proof of a popper is ultimately in the selling, this is a good endorsement. And as fashion editors are not so divergent in their tastes from ordinary customers, expect antique velvet and subtle embroidery in the high street by autumn. Power shoulders and pencil skirts may take a little longer.



The definitive diagonal knit from Missoni for spring/summer 1997 - copied on every high street



Autumn's must-have from Galiano - baggy grey flannel trousers worn with shiny shirt



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FOOD AND DRINK

Cookery

Eggstra special Easter treats

Philippa Davenport on the delights of really freshly laid eggs

Fabergé dreams apart, my Easter egg treats are strictly eggs, not chocolate, and my idea of an Easter Sunday treasure hunt is a morning raid on the chicken coop, where freshly laid eggs may be found under warm feathery breasts when the birds are released from their fox-protected night quarters to run free in the orchard.

The freshest of fresh eggs are unbeatable softly scrambled and piled on buttered toast for breakfast. But, ironic though it may seem to anyone whose experience is limited to elderly supermarket offerings, an egg still warm from laying is too fresh for some cooking purposes.

If fried, it will run and spit in the pan. If poached, however carefully, in a whirlpool of simmering water, the yolk may separate from the white. If boiled the membrane tends to cling to the white as tight as an eelskin, making it difficult to peel. An egg that is a day or two old is easier to cook and still excellent to eat. Unless you keep hens or have chicken-keeping neighbours with whom to barter, the chances of obtaining eggs that are less than a day or two old are, of course, slim. But exactly how old are the eggs you buy?

Decoding the facts that lie behind the hazy vague "best before" or "date of packing" labels given on egg boxes is not straight forward, as Joanna Blythman points out in *The Food We Eat*, her brilliant and indispensable layman's guide to understanding British food production and processing.

Although the date of packing is assumed by most consumers to be the same as the date of laying, it isn't necessarily so. Eggs can be held in cold storage limbo for up to 10 days between laying and packing, since packers may collect eggs from the laying farms only once weekly, then another three days may elapse before the eggs are packed into boxes, labelled and dispatched to the shops.

As for the "best before" date, there seems to be no legal limit. Some companies fix on a date 21 days, and others on 28 days, after packing. In other words, if you buy a box of eggs that has nearly reached its "best before" date, the eggs could be over five weeks old: in plain English, stale.

Martin Pitt, the Wiltshire farmer whose free-range eggs were overwhelmingly voted best product of 1996 in the Good Food Awards, thought it would be a good idea to stamp his egg boxes with the clear, factual information consumers want: the date of laying.

Just as the makers of Parmigiano-Reggiano cheese, and other people producing fine foods with care, are proud to proclaim the provenance of their products, giving the date and place of making and so on, so Pitt was keen to sell his eggs complete with their birth certificates, so to speak.

But Britain is home to Mad Hatters and MAFF. Pitt's knuckles were rapped and he has had to revert to the old nonsense of stamping his boxes with the often meaningless and potentially misleading "best before" date.

In Pitt's case, however, the exact date of laying can be decoded with certainty. He runs a tight operation with no cold storage time lags. Eggs are packed on the day they are laid, as fast as the hens can produce them, the boxes are stamped with a "best before" date 21 days later, and they are delivered to stockists with commendable speed – often all on the same day. More outlets want Pitt's eggs than he can supply. Shoppers who want something better than the curate's egg (good in parts) snap them up fast. The chances are that most are eaten within a week of laying.

Pitt's eggs are more expensive than most. Crack them open and you will find the yolks are not flat-topped but plump and upstanding domes of good natural colour, neither watercolour anaemic nor the eye-achingly yellow duster yellow that signals



added colourants in the hens' feed. The whites are not watery but thick and gelatinous with a fine thinner outer edge.

Pitt grows most of the grain he feeds his hens and he makes up the rest of their rations to his own recipe from individually bought-in ingredients. He keeps his birds in flocks that are small by commercial standards, grouping those of the same age together.

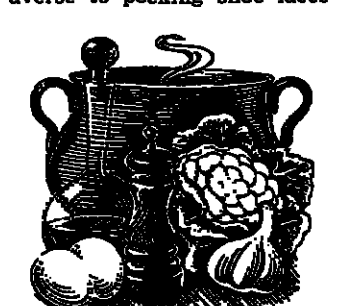
Instead of packing them into the superstore hanger-like units commonly used for egg production, he houses them in quarters that are a 300 per cent improvement on the EU minimum space requirements for free-range egg-layers.

These relatively speaking palatial hen houses have been nicknamed accordingly. Balmoral, Windsor and so on. Each stands in what estate agents would call "its own spacious grounds", a large grassy playing field enclosure where the birds can scratch and roam by day; only at night are they shut into their dormitories to protect them from predators.

When I visited Pitts with Derek Cooper for a BBC Radio 4 feature

Cooper was making on eggs and bacon, we stood in the playground outside Buckingham Palace discussing Pitt's welfare policy.

A squawking hen party milled round our feet. "They are not averse to pecking shoe laces"



warned Pitt and I imagined the feather-brained creatures confusing shoe laces with worms. "They are not averse to ankles", corrected Cooper, with a yelp that vouched for the fact that this sisterhood, unlike the majority of free-range flocks in Britain, had not had their beaks cut.

Phil Vickery, of The Castle in Taunton, uses eggs generously in his cooking. His custards are

memorable and the exquisite Englishness of his baked egg custard tart is without parallel. I can think of no more appropriate pudding with which to celebrate Easter. The custard is a deep pillow, flavoured with a splash of rose water and a good sprinkling of nutmeg, that most English of spices, cooked to creamy tremulous perfection in a thin, crisp biscuity pastry case.

You will have a lot of leftover egg whites after making it. What will you do with them? When my dentist ruled out meringues, I started teaming leftover egg whites with freshly toasted, roughly processed hazelnuts and a little sugar to make old-fashioned macaroons, cooking the squidgy blobs on sheets of rice paper. Very good they were, but now that I have discovered where to buy the most delicious almond macaroons imaginable, I shall probably save myself the effort and flush those egg whites, quietly, guiltily, down the sink when I think no-one is looking.

Durke macaroons are artisan-made in small quantities in southern Sardinia, using locally grown nuts. Exclusive in Britain to Take It From Here, the mail

order company that specialises in craft-made, often organic, food products from Italy, these lovely confections have a shelf-life of just two months (date of baking and best before date are both clearly given on the label) because they contain nothing but nuts, eggs and sugar – no flour, added flavourings or preservatives.

Unlike crisp, dry and occasionally tooth-cracking amaretti, these are delicate, moist in the centre, and intensely almondy, the nuts being very finely chopped, rather than ground. A great treat, anytime.

PHIL VICKERY'S BAKED EGG CUSTARD TART

(serves 6)
Vickery accompanies this with blackcurrant sauce and nutmeg ice cream. In this blackcurrant season, I suggest a sharp and intense dried apricot sauce instead, though I am more than happy to savour each glorious mouthful of the tart on its own. My pastry lacks the water thinness of Vickery's, so to get all the filling in, I find it necessary to use a deep flan tin slightly larger than the 15 cm size he specifies here.

500 ml whipping cream; 6 egg yolks; 60 g caster sugar; 1 teaspoon cornflour; a dash of triple distilled rosewater; freshly grated nutmeg; a blind-baked 15 cm sweet-pastry flan case.

Whisk the egg yolks, cornflour and sugar together. Scald the cream, pour it on, mix thoroughly and pass through a fine sieve. Then add the rosewater.

Pour the custard into the prepared pastry case and grate a little nutmeg over the top. Bake at 160°C (325°F) for about 40 minutes. (Fast cooking at a high temperature can cause custards to curdle.) Cool at room temperature then chill for several hours or overnight.

For more information:
■ Martin Pitt, *Levetts Farm, Clench Common, Marlborough, Wiltshire SN8 4DS* tel: 01672-512085, fax: 01672-514976.
■ *The Food We Eat* by Joanna Blythman is a paperback original published by Penguin (£7.99).
■ *The Castle Hotel, Castle Green, Taunton, Somerset TA1 1NF* tel: 01823-572771, fax: 01823-536066.
■ *Take It From Here, Unit 04 Beta Way, Thorpe Industrial Park, Egham, Surrey TW20 8RZ* Tel: 01784-477812.

Walk into Putney Bridge Restaurant & Bar, in south-west London, past Dame Elizabeth Frink's sculpture First Man, and you are as close to the start of the Oxford and Cambridge Boat Race as any non-tower can be.

On the restaurant floor is a thin copper strip aligned precisely with the small University Stone on the Embankment that is the race's official starting line. Ten metres further and you are at the Thames.

Putney Bridge joins a growing number of London restaurants – Le Pont de la Tour, the newly refurbished Blue Print Café, Oxo and The People's Palace – which offers eating with a river view. However, Putney Bridge restaurant has been custom built – architects Paskin, Kyriakides, Sands have been shortlisted for an architectural award – to marry drinking, eating and river watching.

Both sides of the building, which evokes a boathouse in

Eating Out The best view of the Boat Race

Nicholas Lander enjoys a meal at the water's edge

outline, are entirely of glass and all the windows open, some to floor level. The kitchen is in the basement, below water level.

At 8.30pm, between first and main courses, we watched in admiration as an eight rowed furiously past in the growing darkness while their coach barked orders from a nearby launch. You can look down from your meal and appreciate just how and where the river bends.

It took longer to decide on the starters than for the two of us to eat three of them at the month-old restaurant. A pile of thick, warm, crumbed

aubergine chips came with tangy pickled lemon mayonnaise while a salad of soft spinach leaves and strips of herring was balanced by brittle sheets of Sardinian bread. I have enjoyed skate in many forms before but never in a terrine where the vital acidity was supplied with a dressing of blood oranges.

What distinguishes chef Paul Hughes is his ability to create interesting, but not ridiculous, combinations and to include in almost all his dishes flavours which evoke the obvious charms of comfort food yet are balanced by sharper – but never aggressive – elements. A slow

cooked *daube* of beef comes with balsamic vinegar, home smoked sausage and grilled smoked eel are served with buttered, peppery sauerkraut and a crepinette of wood pigeon and foie gras is enlivened with Puy lentils – although a small salad would have been welcome with such a rich mixture.

The same originality comes through on the desert list where there is no place for the otherwise ubiquitous lemon tart, crème brûlée or panacotta. Instead, a thick madeleine sits on top of tangy lime marmalade and alongside lemon ice

cream: yoghurt cake comes with a triangular slice of not-too-sweet baklava; and refreshing rhubarb appears inside spring rolls accompanied by rosemary ice cream.

Now 40, Hughes has been cooking for 25 years. Most recently he was at St John,



Putney Bridge restaurant: exciting cooking with river views

Pauline Webb

Wine

The apartheid legacy lives on

JDF Jones on how the new South Africa is getting to grips with its wine production

As anyone who ever pored into the local bottle store will be aware, South African wine seems to have been on a world-wide rampage – rather like Springbok rugby – since the end of apartheid. The more precise truth (and the latest problems of the rugby players again come to mind) is not quite so simple. The wine industry in the Cape was in a terrible state by the late 1980s. It produced huge surpluses of bulk wine destined mainly for distilling into a rough brandy (the

Akrikaners' favourite tipple); the 10-20 per cent of wine from decent grape varieties was near-unsellable because of the international sanctions campaign; and the industry was rigidly controlled, in a stranglehold, by the near-monopolistic co-operative, the KWV.

With the release of Nelson Mandela and his inevitable progress to the presidency of a majority-rule government, all this was transformed. No-one in Europe or America needed to feel guilty any more about drinking South African wine, and sales soared: in 1996 the country exported 10m cases, an increase of 1170 per cent in

five years. Then the sentiment faded, slowly, and the South Africans began to realise that life was not going to be one long honeymoon. They were reminded that their wine industry was, with few exceptions, unable to compete with the other world wine exporters – principally Australia, New Zealand, California and Chile – except at the cheap end of the market.

In the best demonstration of this, a small band of ambitious Cape winemakers who had been trying very hard and knew how greatly they had improved their product, were shattered

when, in a so-called "Wine Test Match" just over a year ago, Australia annihilated South Africa by 78 points to 21. The wine farmers still debate that with horror – but admit it was a fair result.

This confirmed the caution which was being voiced by the international wine critics: Jancis Robinson, for example, the FT's wine writer, had described South Africa's favourite Chardonnays as "a sea of somewhat vapid mouthwashes", and many of the country's better-known Cabernets were told that they were rough and raw and would never mature.

No-one should be surprised: transferring a wine industry from brandy to first-class vintages is like turning around an oil tanker. As John Platter, who is South Africa's answer to Hugh Johnson, has pointed out in the new edition of his annual *Wine Guide*, "You cannot fight Australian Chardonnay with Cape Chenin, nor New Zealand Sauvignon Blanc with Cape Colombar".

Platter also records that the industry is beginning to respond to the challenge. There is a great deal of improvement going on at the moment, with new vineyards being planted, better canopy

management, and the correction of slapdash wineries. Jancis Robinson recently suggested in the FT that "some sort of corner has been turned".

She was writing about the £5-£10 price range, where the economics of the trade should be in our mind whenever we visit our wine merchant. Roughly speaking, when you buy a bottle of adequate South African wine for £5, by the time deductions have been made for retail and wholesale margins, VAT, British excise duty, freight, bottling, etc., the South African wine-maker finishes up with less than £1.

However, if you splash out on an £8 bottle, the farmer can expect to recover something approaching £3 – though admittedly it will have been more expensive to make. So, as the wine writers point out, but never often enough, you will be getting a considerably better class, and glass, of wine.

John Platter is presently in the throes of a row which says something about the difficulties of transition. In the aftermath of a minor BBC Radio programme, and compounded elsewhere in the British press, Platter has been accused of calling for a return to the international boycott of South African

wine. Nothing could be further from the truth; he has been misreported.

The South African wine industry may have a murky past, with a "dop" system which turned the Cape Coloureds into alcoholics and even the occasional use of prison labour, but this is ancient history.

What the industry, its workforce and, for that matter, the economy need, is to build on the export boom; to speed the improvement of quality, to increase can wages and to sort out the apartheid legacy.

Nelson Mandela is a near-testator, but he is always happy to be photographed with a glass of the stuff in his hand.
■ John Platter's *South African Wines 1997*, £2.99, is available in the UK from branches of Oodins and Wine Rack, the South African Wine Centre (0171-224 1994) and Wines of South Africa (0171-470 9920).

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JDF Jones

FOOD AND DRINK

It adds up to a heap of beans

Paul Betts travels to Trieste to meet a family dedicated to good espresso

It was Tuesday but it could have been a classic Italian Sunday lunch outing. The Ily family were all sitting around a big table in a trattoria at Muggia, a pretty fishing village outside Trieste. The black spaghetti cooked in squid's ink was delicious. So were the layers of white fish sandwiched between grilled vegetables. The local pinkish white wine was good but the sauternes with the Tiramisu even better.

At the end of the meal, Ernesto Ily, the father, called the owner and simply said: "That was an excellent espresso. Well done."

It was typical of the current patriarch of Trieste's most famous coffee dynasty. "Espresso is a very complex thing," he said. "You have to use 50 beans for one small cup and you must have the right beans." Andrea, one of his three sons, went further. "It's the difference between the coffee of Cologne and the coffee of Trieste," he said. "In espresso you are dealing with 729 different aromas. No other substance contains so many aromas and the problem is to pick the good ones from the bad."

The Ily story is one of those characteristic Italian entrepreneurial sagas that form part of what econo-

mists like to call "the Italian industrial model". The cliché refers to the vast network of small and medium-sized family businesses that have flourished, especially in the rich north-eastern part of the country, and have continued to grow oblivious of Italy's pitiful political system.

In Trieste, the Ilys are an institution. Not just because of their coffee interests but because Riccardo, one of Ernesto's sons, was until recently mayor of the city. He resigned after a local political imbroglio and is now campaigning to be re-elected.

It all started back in 1933 when the son of a Hungarian carpenter arrived in Trieste with the Austrian army. Francesco Ily found a wife there and decided to stay. Then, as today, Trieste was the coffee harbour of Europe. Francesco became a coffee roaster but also traded in chocolate and tea. In 1935 he invented the "Iletta", a coffee machine that was the precursor of the modern

espresso machine. This substituted steam, which burnt the coffee and spoilt the flavour, with a technique using pressurised water.

He also developed a method for preserving ground coffee in hermetically sealed cans by extracting the air and replacing it with inert gas under pressure. This enabled the espresso mix to preserve its full flavour for much longer.

After Francesco died, his son Ernesto decided to concentrate exclusively on espresso. A scientist like his father he conceived new automated techniques in his factory to select the best green coffee beans and improve the quality of his espresso blend. His wife and all his four children became involved in the family business.

Ily also started to expand internationally launching a marketing crusade to educate the rest of the world on the pleasures of espresso and cappuccino - "a small luxury we can all afford", as Ernesto put it. And the big-



Bean counters, the Ilys, from top left: Francesco, Anna, Riccardo and Andrea and Anna and Ernesto

gest challenge was to penetrate the US market.

"In the US coffee was considered a beverage while in Italy an elixir," explained Andrea. "Since the 1960s US coffee consumption halved as a result of competition from soft drinks." Ily moved into the US market in 1979.

"We faced huge problems because it was not just adapting American lifestyle and taste to espresso but also educating and training baristas how to serve a good espresso by handling the machine properly and using consistently the right dose of coffee," he said.

The gamble has paid off. In part Ily was helped by the culinary revolution in US eating habits in the early 1980s when top chefs from France and Italy started descending en masse in the US.

"Coffee consumption has picked up again in the US

and espresso is increasingly considered a gourmet drink," Andrea said. Cappuccino, an even more complicated brew to get perfectly right because it blends the already complex espresso with frothy milk, has become especially popular with American women who substitute it for pudding at the end of a meal.

Ily sees further growth in the American market. "Just think that in Italy there is one espresso bar for every 400 inhabitants; in the US the ratio is currently one for every 30,000," Andrea explained. The company is also now looking at the Japanese market where espresso is becoming a fashionable drink.

Marketing the new designer image of espresso has also become a sophisticated multimedia exercise. Ily has put together an Internet Web site in English which can be consulted on the Internet by dialling www.ily.com and has also devised a CD-ROM called The Planet Espresso. Both

are dedicated to the art and science of espresso.

To make the preparation of a good espresso easier in the home and in the office, Ily has devised what it calls the ESE (short for Easy Serving Espresso) system. This consists of a specially modified espresso machine and pre-packaged single servings of coffee. It is now trying to establish an international ESE standard to develop the market by granting its patents free to espresso machine and coffee producers who agree to comply with the established manufacturing standards.

"We are adopting the same approach as in the video cassette recorder market where the VHS standard became dominant by being open to the whole industry," Andrea said. "The idea is to help people make consistently quality espresso. I remember when my father first started, making espresso was like playing Russian roulette. You never knew when you would get it right," added Ernesto.

For more information:
■ UK: Euro Food Brands Ltd. Tel 01833-402808, fax 01833-402199
■ Europe: Ilycaffè SpA (Trieste). Tel 00-39-40-389 0111; fax 00-39-40-389 0490. Email: info@ily.com



Kuldeep Makhni, chef and owner of The Lancers, in London's Mayfair prepares an extensive Indo-Chinese menu

Brendan Carr

The fun of fusion cooking

George Dorgan on the arrival of Indo-Chinese food in London

Fictional futures have an uncanny habit of arriving on our doorsteps. Fans of Ridley Scott's 1982 science fiction detective thriller, *Blade Runner*, will remember that, along with androids and flying cars, in that vision of the future the food was a mix of Indian and Chinese cuisines, that particular future has arrived.

The most popular foreign food in India is Chinese, but it is cooked to Indian tastes, so it is hotter and more spicy. At any good Indian restaurant there will be food tents on the lawn and the one with the biggest crowd around it will always be the one serving Chinese food.

A few Indian chefs have brought this fusion cuisine to London and - not surprisingly in a country where Indian and Chinese are the first and second most popular types of restaurants - it is rapidly gaining popularity.

Kuldeep Makhni is chef and owner of The Lancers, in Mayfair, and does an extensive Indo-Chinese menu. He learned Chinese cooking from Chinese master chefs when he was at the Oberoi hotels in India and says that Szechuan food from China was always the most popular cuisine in India because it

is the hottest and spiciest.

Before coming to the UK, Makhni was chef to the kings of Bhutan - who presented him with a sword of honour - and Nepal.

The Lancers opened in 1995 and although Makhni does not normally do takeaways, he makes an exception for the residents of Buckingham Palace.

His Indo-Chinese menu has been offered since the opening day and immediately started attracting attention. "What I do is pick out the best of Chinese cooking and mix it with Indian spices," Makhni says.

Take duck as an example: the duck is roasted and crisped on the grill, mixed with onion, pepper, green chillies, Peking duck sauce and cashew nuts, and served on a plate.

Last month, he cooked an Indo-Chinese banquet for the Chinese new year celebrations. Barbecued spare ribs may not sound that exciting, but his Indo-Chinese version is subtly fragrant with cumin and cinnamon. The same applies to beef with capsicum and hot chilli, which seems ordinary enough until you add fresh coconut milk.

Makhni also uses almond oil for stir-frying, again for its fragrance: "It lingers on the palate for a long time and the most important thing

in this kind of cooking is that you should not get a stale smell. Almond oil gives a subtle lift to the flavours and kills the bad breath you could get from garlic and onions," he says.

At his Indo-Chinese new year banquet he used almond oil with prawns in a garlic sauce with chilli. He also uses non-Chinese main ingredients, but prepares them to a

Indian curd cheese is cooked with Chinese and Indian ingredients

basic Chinese recipe, as in his Cauliflower Manchurian. "Cauliflower is one of the most popular vegetables in India and for this dish I steam it then bake it with a Manchurian sauce which is sweet and spicy with star anise, fresh coriander and black pepper."

The Gujarati community are mostly strict vegetarians and the distant source of their inspiration comes from China's Buddhist vegetarian tradition. There are two res-

taurants on Ealing Road in Wembley, north London, which are strictly vegetarian, they are both called Sakani and are under the same ownership. However, the one serving Indo-Chinese cuisine is by far the most popular. The emphasis, again, is on Chinese dishes adapted to Indian tastes, often using favourite Indian ingredients, such as *panir* (chilli), with the *panir* replacing tofu.

Traditional Indian curd cheese is cooked with Chinese five-spice powder, chillies, soy sauce, garlic and ginger, sprinkled with lots of fresh chillies and spring onion. According to Atul Sharma, who manages both the Sakani restaurants, it is their most popular dish: "Every table will have it as a starter," he says.

Another interesting fusion concerns the vegetables - crispy baby sweetcorns, runner beans, mushrooms, potatoes, spring onions, cauliflower and capsicum - deep fried in a spicy batter, similar to that used in potato bhajias, with ginger and garlic.

Some older customers were initially wary of the Indo-Chinese menu, Sharma says, because they associated Chinese cooking with meat. But in the past few months even they have been won over and Sharma is looking for another

large site to accommodate the customers that are pouring in.

KULDEEP MAKHNI'S DICED CHICKEN OR PORK WITH CASHEW NUTS
(Serves 4)

½ cupful almond oil; 500g diced chicken breast or pork; 2 tps each minced ginger and garlic; 1 onion, finely shredded; 2 tpsps oyster sauce; 1 tsp Dijon mustard; salt to taste; 1 tsp sugar; 12 to 15 pieces broken roasted cashew nuts; ¼ tsp Chinese five-spice powder; pinch of star anise powder; ½ glass white wine; 2 cups chicken stock; 2 green capsicums, diced; 2 tsp cornflower mixed with a ver small amount of cold water; 1 bunch shredded spring onions; chopped coriander.

Heat the wok and add almond oil. Add meat, ginger and garlic and stir fry 1 minute. Add onion, oyster sauce, mustard, salt, sugar, cashew nuts, Chinese five-spice and star anise powder and stir well to coat the meat for ¼ to 2 minutes. Add the white wine, stock and capsicum and the pan will start to smoke. Immediately add the cornflower water and remove from heat. Sprinkle spring onions and chopped coriander. Serve with egg-fried rice or noodles.

■ The Lancers, Brook Street, 0171-629 6535. Sakani restaurants, Baking Rd, Wembley, 0181-909 9601.

Appetisers
Chef leaves
Le Manoir

The departure of Clive Fretwell, 35, from his position as head chef at Le Manoir aux Quat' Saisons, Great Milton, Oxfordshire, brings to an end one of Britain's longest running culinary partnerships.

Fretwell, has been at Le Manoir with Raymond Blanc since it opened in March 1984. Now he is seeking backers for his own restaurant in central Manchester. His successor at Le Manoir is Jonathan Wright, 31, from Bridgnorth, Shropshire.

Nicholas Lander

Meanwhile, Daniel and Corinne Gobet have opened their own restaurant, La Ciboletta, at 138A King's Road SW3 (0171-823 7444). While Denis Blais and André Pilsner plan the sequel to *Belgo Noord*, NW1 (0171-267 0718) and *Belgo Central*, WC2 (0171-813 2233), they have written the *Belgo Cookbook* (£16.99, Weidenfeld & Nicolson, 160 pages). It is amusing and very revealing on the UK's changing eating habits. NL

■ Jacques Reynaud, owner of the great Chateau-neuf-de-Pape property Chateau Rayas and the world's most idiosyncratic winemaker, died recently. His achievements can be toasted with the excellent, and much faster-maturing, Vacqueyras produced nearby by his nephew at Chateau des Tours. La Vigneronne, on 0171-589 6113, has the sturdy, spicy red at £9.95. The white, like Rayas white, is an acquired taste.

Janis Robinson

■ Villa Maria of New Zealand, on the other hand, is currently producing some first class and treacherably modern

whites, thanks largely to young winemaker Michelle Richardson. Her Wairau Valley Reserve Sauvignon Blanc 1996 was voted best wine of the Sydney International Wine Competition, much to the chagrin of some Australians. This rival to Cloudy Bay is listed by Wine Rack and Bottoms Up at £9.49.

Equally fine is the Villa Maria Reserve Riesling 1996, £2.99 from Oddbins.

Full of extract and personality from grapes grown in Marlborough's Seddon vineyard, and bursting with fruit, it would serve equally well

as a limey aperitif or with Chinese food. JR



as a limey aperitif or with Chinese food. JR

■ A booklet entitled *Where To Buy Organic Food* lists more than 450 farm shops, independent retailers, mail order suppliers and vegetable box schemes around the UK. It costs £5 from The Soil Association, 86 Colston Street, Bristol BS1 6BB, fax 0117-925 2504. NL

■ Quite a few FT readers are interested in the sausage side of life. It seems David Fishlock's article on chilli pepper sauces (Hot, Hot, HOT, Weekend FT, March 15) has resulted in several inquiries as to where one can obtain a catalogue of genuinely fiery chilli sauces. The answer is from Chip Hearn at Peppers, 2009 Highway One & Sealsbury Street, Dewey Beach, Delaware, 19871, USA. Tel: 00-1-302-227-6008, fax 00-1-302-227-4603, E-mail peppers@peppers.com or access the Peppers web page on http://www.peppers.com. And heed their warnings.

Jill James

Sorry, lunch is off. It's the election, you see

Booking your favourite restaurant may be a little easier during the next month, says Nicholas Lander

Monday, March 27, brought the announcement of a May 1 general election in the UK. It also meant a small but significant dip in London's restaurant trade.

St John, the normally bustling Smithfield Market restaurant, in the City, was no more than half-full on Wednesday last week. By the weekend, Christopher Boddy, managing director of The Avenue, in SW1, was reporting: "Usually we serve 120 customers at lunch but this week we have been happy when it has been more than 100."

In South Kensington, Graham Williams, one of the proprietors of Bibendum, confessed: "Our lunchtime trade was down from 85 to 65 which has come as a bit of a shock as last year was the restaurant's best year ever thanks to a combination of a weak pound, a strong economy and the growing British interest in good food and wine."

One immediate consequence of the prime minister's trip to Buckingham Palace was an empty Footstool restaurant, in the crypt of St John's, Smith Square, close to Westminster and second home to many MPs and

political lobbyists. On Thursday last week, however, it was a very different matter. This was just before the last prime minister's question time in the current parliament and, according to Steve Cameron, Footstool's manager: "It was one of our busiest lunchtimes ever."

The explanation for this abrupt change in London's eating habits, which will not revert back to normal until early May, has nothing to do with the quality of food or service. But it has everything to do with another function that restaurants fulfil: supplying neutral ground for business meet-

ings. Since the election date has been fixed, many people are finding that projects they were involved in, or were about to initiate, have been shelved pending the election's outcome. As a result restaurant lunches have been postponed.

Restaurant tables, particularly the most private corner ones, also function as convenient rendezvous for job interviews, but many of these too, have been temporarily abandoned. Politicians have left London to woo their constituents while journalists and political commentators are either trailing them or har-

nessed to their word processors. During April, a hasty sandwich and a pint will replace the more leisurely lunch, glass of wine and several espressos.

The same cloud of uncertainty has stopped one particular group, senior civil servants, from accepting invitations to lunch at all.

These lunches, often used to gauge which way a new proposal or submission would be viewed, are now pointless until the Civil Service knows whether its old masters return - or which new leaders will take their place.

As one restaurant

manager whispered down the phone to me: "We get a lot of top civil servants in here and one of them told me last week that he would not be in again until after the election. He said that their instructions now are to go to sleep until May 2."

Figures suggest that there are approximately 17,000 more restaurant seats in London now than there were at the last election five years ago.

Whichever party wins, London's restaurateurs will be hoping that there is a clear winner - and not another election in the near future.

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PROPERTY

Salvation for redundant churches

Only a few former chapels and churches qualify for preservation as monuments – but there are alternatives, says Gerald Cadogan

From the back corner of Harrods in London, between Basil Street and Hans Road, can be seen a short street of white-stuccoed houses (Walton Place), late Georgian in style but dating to around 1840, leading to the longer Walton Street. This is familiar smart London, and barely a minute's walk to the famous department store.

But it is at the bend where the two white streets meet that the real surprise is here: stands the church of St Saviour's. Work starts soon to convert half of the church into a house. When complete, it will be the biggest and best on the street – with 6,000 sq ft of floor space.

The church is Gothic, built mostly of plain yellow London stock brick which erupts at the east end into a riot of Victorian polychrome brick patterns. High on the wall, below sculpted limestone pinnacles, and facing Harrods, a Latin inscription reads, *Salve Salvator* (Hail, Saviour). The vicar, prebendary Michael McGowan, says "the men's department and the food halls" is in the parish.

George Basevi, the under-rated architect of Belgrave Square, designed St Saviour's in 1840 to bring the faith to the new Walton Street housing schemes. But the strong east end and other high Victorian extensions in the late 19th century (when nearby Hans Town on the Cadogan estate was starting its redevelopment in red brick) make his design hard to detect.

Basevi's plan survives better inside. The church, 43ft high to the nave, is a single huge space, divided by thin columns into four aisles (three of them are his), with a light and airy atmosphere that recalls well-known churches like St Mary's, Somers Town (1826) near

Euston station, and St Peter's (1828) in Brighton. At that time, even churches could have a sense of fun – soon to be lost under the heavy moralising attack of Victorian ecclesiastical architecture.

St Saviour's seats 700, in 126 pews, and used to be full in the 1950s, says McGowan. The figures have shrunk dramatically – last year there were just 27 names on the church electoral roll and the last service was held on Ascension day 1996. But that does not mean the end of the building as a church.

"It still has a Christian future," McGowan says.

The great Victorian city churches, designed as powerhouses of faith, are hard to convert

"despite people being away at the weekend, and lots of foreign owners of flats in the parish."

There are plans to redesign the east end as a place of worship, and perhaps include a hall that schools and clubs could use as well. Developers Raven Group bought the west half on a long lease from the diocese, commissioning architects Mitchellman Caradoc-Rodriguez to plan a conversion into a whole house, rather than split it into flats (as often happens to large churches on conversion). "If Church life does pick up, we could eventually reclaim it," says McGowan.

The architect's stylish design uses the height to include a large first-floor

drawing room, a gym, sauna and plunge pool, a high balcony for private sunbathing and a studio under the roof. After putting it on the market last year in the hope of an off-plan sale, Raven is now about to build and will sell it when it is complete.

"It is very complicated up in the eaves of the buildings to get your levels right," says Anton Bilton of Raven. Knight Frank is the agent.

St Saviour's is set for a new salvation, but redundant churches and chapels are not always so lucky. To be among the few that qualify for preservation as monuments by the Church of England's Redundant Churches Fund, or the Friends of Friendless Churches or the Historic Churches' Trust, they have to be of outstanding architectural merit.

The alternative is conversion, into churches for other denominations (or mosques or Hindu temples), restaurants, arts centres, rehearsal rooms, museums, offices, workshops and living space. Medieval and Georgian buildings convert well, such as St Paul's of Walton Street in Oxford, which was C of E and is now Freud's restaurant. Had it been Methodist, it would have carried covenants forbidding the sale of alcohol, gambling, public dancing and Sunday trading – of little use for a restaurant.

But the great Victorian city churches, designed as powerhouses of faith for the industrial revolution's urban boom, are hard to convert. Architects and developers must have skill and courage to tackle them. Save British Heritage has a new list of buildings in England and Wales that are worth rescuing. It includes three mighty Victorian churches in County Durham, one in Essex and three 19th century sub-Georgian Methodist cha-

pel buildings in Gloucestershire and Kent. The grandest former chapel is in Dover, last used as a bingo hall, which has a smart front with pediment and Ionic columns.

Save's list, called *The State They're In*, gives details of agents. It recommends the local conservation officers as first port of call if you really want to resurrect a building at risk. *Save's Churches: A Question of Conversion*, is full of practical help for those considering conversion.

For those who want to buy a house of God that has already been converted, there are two for sale, listed grade II*. Savills offers Church House at Caldecote near Peterborough, with a Collyweston slate roof, and formerly St Mary Magdalene's, for £240,000, and Jackson-Stops offers the one-bedroom chapel at King Ina's Palace at South Petherton in Somerset for £129,500. (King Ina reigned in Wessex from AD688 to AD726.) The chapel is mostly 15th century.

At Peasmarsh, near Rye in East Sussex, Phillips & Stubbs is selling a former Methodist church with three to four bedrooms for £68,000 – besides the expected restrictions, use for "religious purposes" is also prohibited. And in Kew Road, Richmond, Walker Payne Estates will soon launch the 16-flat conversion of Christchurch in Kew Road, built in 1893-94, at prices from £135,000 to £250,000 through Chancellors or Featherstone & Leigh.

Chancellors, Richmond (0181-940 1575); **Featherstone & Leigh, Richmond** (0181-940 2255); **Jackson-Stops, Yeovil** (01935-74065); **Knight Frank, London** (0171-824 8171); **Phillips & Stubbs, Rye** (01797-227333); **Save Britain's Heritage, London** (0171-228 3336); **Savills, Stamford** (01780-766222).



Adapting to a falling congregation, half of St Saviour's is being converted into a house with the east end redesigned for worship.



Church House at Caldecote near Peterborough, formerly St Mary Magdalene's, is being offered by Savills for £240,000.

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GARDENING / PROPERTY

Magnolia – the star of this season

Tidying away the remains of winter, Robin Lane Fox dreams up plans for springtime splendour

The Easter holiday rounds off a fantastic run for English gardeners who have had a but unsurpassed, which my holiday advice is to plant yourself in the garden by setting about the late mulching and edging which is going to be badly after the warm Easter is a chance to up, but it is not all the and forced labour. I am glad to look up and to envisage some- even more beautiful as spring plan for the next year.

A sucker for early- spring plants, I have been here much of the country- hill looks like steppe- the possibilities have wonderfully evident at the spring show, over- dingly attended last we all looked up and and caught some help- as from the spring us. They are in my eye as I turn to tidy- last remains of win- the borders.

On the upper level the are undoubtedly the as. Ambitious gar- should consult the Burncoose Nurseries, up, Redruth, Corn- which draws on the collections of magnolia and other shrubs at and other Cornish Every year, Burn- shows magnolias in spring which are way those of us with cold and a limey soil. are able to think of for your children's you should investi- special forms of a Springer and oth- several of which will

probably not flower for the first decades of their life. Those of you with less patience should choose the pure white form of Magnolia Soulangeana before all others. It will grow on a limey soil and the pure white flowers of its Alba Superba form are the outstanding sight of the family. If you cannot find room for a tree which will eventually be 20ft high, remember you can train this type of magnolia very well against a wall or house. They flower when relatively young and are easy to please if you prepare the ground thoroughly with rotted manure to a depth of 3-4ft, plant your specimen and leave it alone.

At ground level, it is the season of alpinas and small hardy plants

They must face west or south to be safe from damaging spring frosts, although the shrubs themselves are very hardy. They are the essential first move in any new garden, so essential that I forgot them for the first four years of my present garden's life.

Their companions in everyone's canopy are the many forms of prunus. The flowering cherries and almonds have been spectacular this spring, but sometimes I am asked for forms with good leaves and an upright shape which can be used in a line along a wall or up a small drive. The best here is Prunus Umeniko,

which has particularly fresh green leaves and is not too heavy when the flowers have gone. The flowers themselves are a single white, more rounded than some of their close relations. They make a brief but significant impact. At the March London show, some unfamiliar prunus were on show, including Prunus Hassel with small white flowers, shown by Bluebell Nurseries in Derbyshire.

Down at ground level, the season of alpinas and small hardy plants is in full swing. I am glad to have acquired some easy and clear-coloured variations of primrose over the years. The white Devon Cream and pale blue Iris Mainwaring are worth every penny of the £2.50 or so which you may hesitate to spend on a primrose. A good range is now offered by Veryans Plants, Gole, Coryton, Okehampton, Devon, which has also come up with one called Primula Miss Luck. Its leaves are a bronze-green, like the better-known Garryard varieties, and its flowers are profuse in a shade of pale pink-lilac. I bought one on sight, knowing it will make a marvelous edging when divided in a shady border.

I hope ambitious gardeners are aware of the superb range of small and alpine plants now offered by Edron Nurseries, Coldingham, Eye-mouth, Berwickshire. The owner, Jim Jermy, has been joined by one of our supreme alpine professionals, Ron McBeath, who made such a mark in the alpine department of the Botanic Gardens in Edinburgh.

In London we were given a superb taste of the rare plants these growers already offer. It was so good that the



First choice for the less patient: Magnolia Soulangeana 'Alba Superba'

John Glover

RES judges did not give it a gold medal. Perhaps they did not share my excitement at the sight of the finest of all pale blue hepaticas, the legendary pale blue Media x Ballardii in full flower. The nursery has no stock for sale of this superb hardy plant, first bred and honoured in the 1830s and now largely lost to cultivation. It does, however, have a wide range of the smaller plants which can add such distinction to front gardens, even outside

the climate of Scotland.

We are all becoming familiar with the blue, pink-red and yellow forms of the variable corydalis. In 1986, I now learn, the famous flexuosa form was first discovered in Szechwan, from where it was further collected in 1989 by a British team. Variations are now quite common in the local nursery trade and are recognisable as those plants with small, electric blue flowers, like the crest of a lark, and the finely cut

leaves with a glaucous tinge or a flush of purple. Thousands of people now buy it each spring, in the form called Pere David, as the purple-leaved Blue Panda, or in other forms still coming forward from field collections. Its blue relations used to be the most difficult of small alpinas outdoors. Of the newly found forms, the experts say: "Lift the plant, tear it apart, replant the tiny divisions and you cannot fail."

On The Move Friendly wall act

Shared walls and fences have for ages been causes of some discord between neighbours – but not for much longer. Orders were recently laid before parliament to bring the Party Wall Act 1996 into force on July 1.

The act is the brainchild of John Anstey, of chartered surveyors Anstey Horne, who has specialised in party wall law and practice for 33 years.

In London, party wall rows are not a problem thanks to the London Building Act 1939, which provides a relatively cheap and simple system of arbitration. The new act will repeal the London-only 1939 act, extending its principles to cover the whole country.

Taylor Joyson Garrett, solicitors, says the act makes clear that both owners of a party wall own their half and have rights over the other half. To build a new party wall on the boundary, an owner must give a month's notice in detail to the neighbour.

The best way to do that, says Anstey, is to go and talk to them. If the two parties agree and the wall/fence has planning permission (if needed), it can be erected and the bill divided.

If the neighbours cannot agree, the wall must stay within the proposer's property, although footings and foundations may project into next door provided there is compensation for damage or disturbance. For work on an existing wall, two months' notice is needed from one owner, while the other may serve a counter-notice with modifications to the proposal.

The act covers excavations within 3m of a neighbour's building if they go below the foundations. The digging party may have to bear the extra cost of underpinning or strength-

ening next door's walls. In disputes, the act allows a chartered surveyor to arbitrate, with a right of appeal within 14 days to a county court.

Windmill

New properties on the market include a windmill and two watermills. The windmill at Keston in Kent is an old post mill dating from 1716, now listed grade I, selling with a pretty brick Mill House. Knight Frank (01892-515035) asks for £350,000. The house needs modernising.

KF is also selling, with Lambert & Foster (01892-532255), Bartley Mill near Tunbridge Wells, which still has its machinery and mill pond, and 42 acres, for £295,000.

In Gloucestershire, the mill stream for Kemble Mill near Cirencester is a tributary of the river Thames a few miles down from its source. The mill is defunct and has become a staff cottage for the main house, which comes with 13 acres and an island between the mill stream and the river. Jackson-Stops (01285-553334) asks for £250,000, to include a heated pool and a floodlit tennis court.

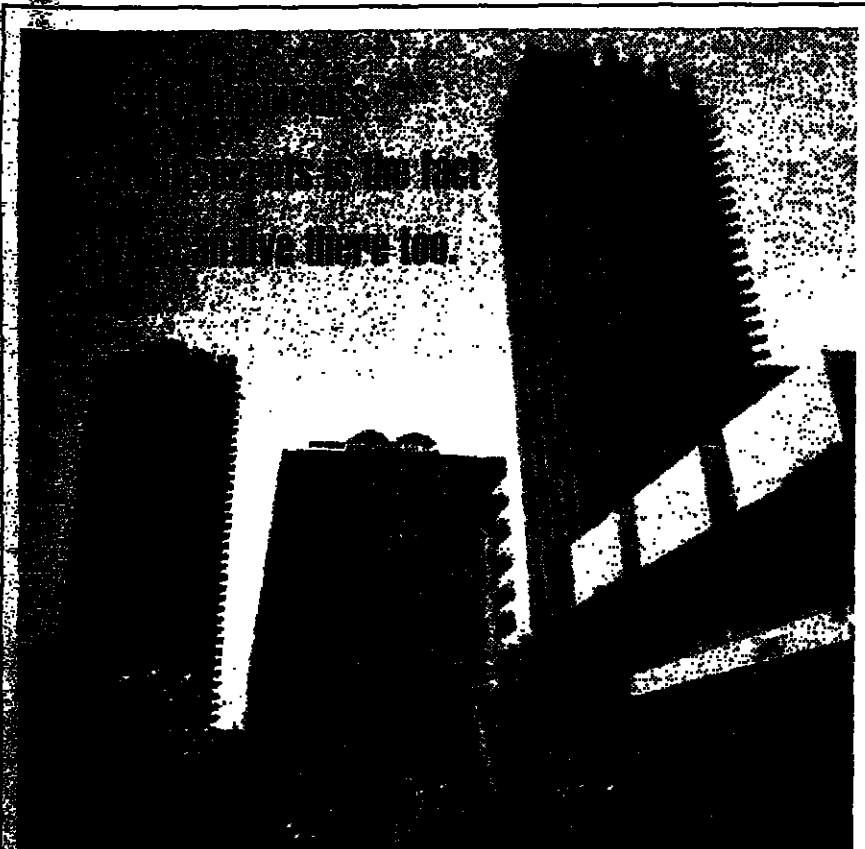
Historic houses

The new edition of Hudson's Historic Houses and Gardens (£5.95) is just out, packed with information on the offerings and opening times of a vast range of properties, including those that open for just a few days a year to satisfy the requirements of inheritance tax exemptions or public grants for repairs.

It also gives a list of properties holding a licence for civil weddings (following the Marriage Act 1985).

Gerald Cadogan

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MOTORING



Former Grand Prix ace Peter Gethin at his driving school in West Sussex. "There is nowhere on the road to explore the capabilities of the car or the driver in safety"

Performance driving

Speed: putting no one but yourself at risk

John Griffiths discovers that a new breed is taking over race circuits everywhere

Former grand prix driver Peter Gethin uses a more sedate sport to draw his analogy. "Look, if I'm a keen golfer, I don't want to spend all my time on the putting green, do I? Golf doesn't make sense unless you can get out on the fairway and put in some good, hard, satisfying drives."

The point being made by Gethin, who still holds the record for the fastest average speed recorded in a grand prix (150.75mph at Monza in 1971), concerns not so much sport as road congestion.

In particular, he is talking about one of modern motor racing's major paradoxes: the extraordinary revival in demand throughout developed world markets for sporting and high-performance cars. It comes at the very time that traffic congestion is making their full performance unusable for most owners and in most circumstances.

Demand is indeed soaring. The waiting list for Mercedes' new SLK sports car is two years. Such has been the clamour for Porsche's new Boxster that Vauxhall, a Finnish engineering group, has been hired to supplement production. Rover cannot build MG's fast enough, particularly for Japan where it sometimes can be difficult to get out of second gear.

Common sense is not the main driver of new car markets - something for which makers can be grateful. If it

were, four-wheel drive vehicles would have remained the province of farmers. Instead, an industry has grown up which is dedicated to providing off-road thrills for owners whose adventures otherwise might be confined to thudding into urban potholes.

A similar, and parallel, industry is emerging for the sporting motorist. It is springing up internationally and is mainly, but not necessarily, based on or around motor racing circuits.

This industry is made up of performance driving schools and corporate entertainment organisers: limited-liability clubs leasing circuits to hold track driving days for their rapidly increasing memberships; and, not least, performance car-makers themselves, guiding owners and potential owners subtly down the road to addiction - and repeat orders for their expensively-engineered products.

In Germany, where the era of unrestricted autobahn speeds might eventually be ended by common EU speed limits, anyone can now drive one of the world's most evocative circuits, the 14-mile "old" Nurburgring. It costs only a few Deutschmarks a lap and speeds are limited only by fear or determination. Belgians, subject to some inspection, can do the same at Zolder, a few miles from Brussels. France has Magny-Cours, in the south, which has become a magnet for dozens of track experience organisers.

In the UK, which has a density of motor racing circuits greater than any other country, almost every track is being used as much for off-highway escapism as for actual racing. Grouped under a fledgling trade body, the Association of Racing Drivers' Schools (ARDS), the industry is already dissipating the on-highway frustrations of more than 10,000 drivers a year. Road safety organisations such as the

In Germany, anyone can drive the Nurburgring. Speeds are limited only by fear or determination

RAC and Automobile Association welcome the trend because it removes one more potential danger from the roads.

Gethin himself, for more obvious reasons, also welcomes it. His own performance driving course business, based, mainly at Goodwood in West Sussex, has been a major beneficiary. "Most chaps are kids at heart. They get into a car and they just want to drive it well or go fast," he says. "But they realise now that with the technology of modern cars - fantastic perfor-

mance, fantastic brakes - there is nowhere on the road to explore the capabilities of the car or the driver in safety."

As Gethin talks, Ferraris and a Lamborghini roar by. "The chap with the Lamborghini comes to us four times a month and he spends two hours a day with different cars - he has about a dozen. It's like a therapy. He just gets better and better and enjoys it more and more."

Many of Gethin's customers come directly through Ferrari or Aston Martin. Both offer courses as part of their new car sales packages. Porsche does likewise, but in close association with the Porsche Club of Great Britain. PCGB organises track driving days around the country almost throughout the year. Invariably, they are over-subscribed.

Two UK national bodies, the 39 and 96 clubs, lease circuits throughout Europe. These clubs, and other operators such as The Circuit Club, stress that the typical participant is far removed from the over-moneyed young tear-ways that many might suspect.

"Their minimum age is certainly in the 30s; most are in the 40s or older," says Gethin. "We get a lot of people from the City, particularly the commercial and investment banks. They usually come to us originally on a corporate day, one organised by Ferrari or Aston themselves, or maybe a big Mercedes or other dealer.

They get to like the circuit work and later start bringing their own cars down."

Performance driving originally meant supercars such as Ferraris, Lamborghinis or Aston Martins. "But we're now at the stage where even Volvo make a performance car," says Gethin. "I think it might not be long before all manufacturers offer such courses, wherever they're held, as part of the standard sales package."

Gethin estimates that business has increased ten-fold since circuit-based activities began taking off in the late 1980s, and other operators agree. Leicestershire's Malory Park school has a steady stream of corporate days, as do the main circuits under the control of Kent-based Brands Hatch Leisure - Brands Hatch itself, Oulton Park and Snetterton.

Already, the industry is beginning to evolve. No longer are courses necessarily a one-day affair with a soggy sandwich eaten in the paddock. Multi-day, multi-country packages, complete with hotels, celebration dinners and celebrity drivers guesting as speakers, are being packaged by Gethin, The Circuit Club and others.

Is the industry just a fad or does it have a long-term future? Even the operators are not sure. But, keeping in mind the predictions of traffic experts that present congestion could double by early next century, even the most ardent of motor racing enthusiasts might eventually be smothered.

Road test

A Move that's so easy to make

Small is beautiful at Daihatsu. Stuart Marshall braves Roman roads and traffic to prove the point

Driving in Rome's rush hour is not for the faint heart. The cars - even, worse, the scooters - come at you from all directions. If, out of respect for your car's pristine paintwork, you hesitate for a split second, the encounter will be lost. But look the other driver straight in the eye, keep going, and he or she - and I have to say that Rome's elegant women drivers are every bit as aggressive and opportunistic as the men - will give way.

Well, usually. The scraped bumpers and body dents of about one in five Roman cars - even almost new ones - show that it does not always work. The terrifying scooter riders, mostly young and bare-headed and often travelling two-up, ignore double white lines and treat a red light as a basis for negotiation, not an order to stop.

They pause momentarily, see if they can get across the junction without hitting anything and, if so, carry on. ("Just like pedal cyclists in London," did I hear someone say?)

There is, however, a difference between Londoners and Romans. In London, rush-hour drivers often behave like territorial animals. Stray into their space and there is at least a scowl, at worst physical assault.

In Rome, the jockeying for position, the wrong-side overtaking, the dash by two cars for a one-car traffic gap, is played as an elaborate game rather than waged as a form of guerrilla warfare.

I was there to drive two of the latest Japanese mini-multi-purpose vehicles, the Daihatsu Move and Grand Move. Some of the roads appear to have had little maintenance since Julius Caesar was a lad, and the broken tarmac and sunken cobblestones on even main highways give suspensions and tyres a hard time. Surprisingly, the two little cars dealt most competently with the bone-shaking surfaces.

The Move really is like nothing else available in Britain at present. At 11ft (3.3m) long and 4ft 11in (1.39m) wide, it is far shorter and narrower than a Rover 100 Metro but so much taller - 5ft 8in (1.7m) compared with 4ft 7in (1.38m) - that it is unbelievably roomy inside. Even young Romans who gave it the once over were amused and approving. I even got away with straying accidentally into bus/taxi lanes once or twice. The police must have thought

my Move was a new kind of minicab. You sit up rather than slump down into the seats, and the screen and side windows are so big that visibility is panoramic.

Four doors make it so easy to enter and leave that a Move could appeal to the elderly and rheumatic as much as the young and nimble. The tailgate is hinged vertically on the outside, so the luggage bay is easy to get at when the Move is parked at the kerbside.

With a three-cylinder, 847 cc engine producing only 42 horsepower, the Move is no flyer, but it held 70 mph (113 kph) easily on the autostrada. In town, smart work with the five-speed gearshift and a heavy foot on the accelerator was sometimes needed to keep up with the pack. Daihatsu claims a sensible driver might achieve 53 mpg (6.3 l/100km) on a journey.

With some give and take from the front-seat occu-

Even young Romans who gave it the once over were amused and approving

pants, two adults can travel comfortably in the back. And there is still far more luggage space than one expects of most very small cars. The back seats fold forward, doubling the size of the load floor, or lay flat to transform the interior into a double bed.

The Move will be in UK showrooms within the next two weeks, priced from £7,200 on the road, taxed for 12 months and with a three-year, unlimited mileage warranty. Automatic transmission (5500) and air-conditioning (2560) are optional extras. There is no power assistance for the steering but, in so small and light a car, I did not miss it.

The Grand Move is shaped more conventionally and looks like a cross between a normal five-door estate car and one of the new generation of small MPVs, such as the Renault Megane Scenic or Toyota Picnic. At 13ft 6in (4.05m), it is much longer than a Move but still very compact - a Ford Escort estate is 10in (25cm) longer - but the Move towers over the tiny Grand Move, which is nearly 4in (9.5cm) lower.

With a 1.6-litre, four-cylinder engine producing more

than twice the Move's power, the Grand Move was nippy in rush-hour Rome. On a family trip to the south of France, I reckon it would hold the 130kph (81mph) autoroute limit without feeling stressed or sounding frantic.

In the Alben Hills, it handled hairpin bends confidently and made light work of steep gradients. With standard power-assisted steering, a tight turning circle of just under 30ft (9.2m) and commanding all-round visibility, it was easier to park than many a smaller car.

The ride was buoyant. Only the polished granite boulders of parts of the Via Appia, literally unchanged since Roman times, made it heave up and down. What could they have felt like to wooden-wheeled chariot drivers?

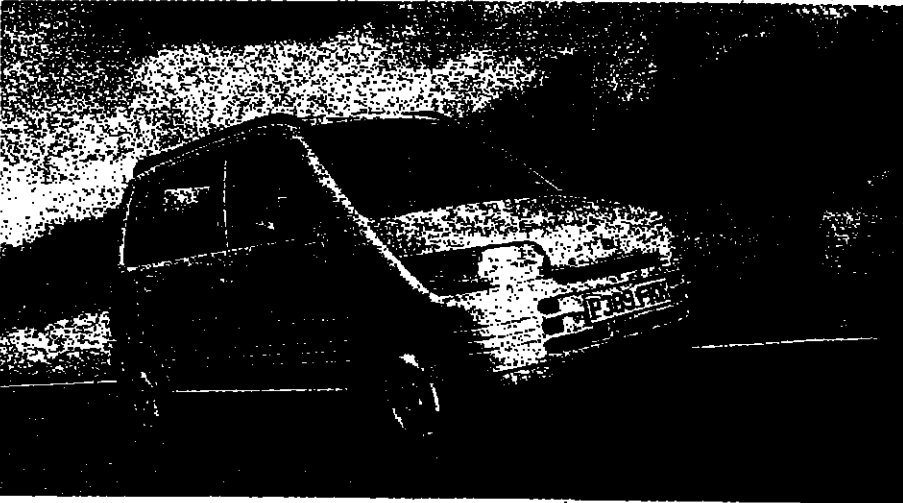
The Grand Move does not fit any of the conventional categories. Although based on the platform of the Daihatsu Charade hatchback, it is roomier because it is taller. Four adults fit into it comfortably without squashing and it will take five at a pinch. The interior is as adaptable as the Move's, only bigger.

Owners could expect at least 40 mpg (7 l/100km), providing they did not spend too much time cruising fast on motorways. Building a car taller to make it roomier inevitably increases its frontal area and aerodynamic drag. Pushing air aside at 70 mph (113 kph) burns far more fuel than it does at lower speeds.

The Grand Move will also go on sale in Britain early in April at £11,500, key in hand and taxed for a year. The top model Grand Move Plus, with air-conditioning, ABS brakes, alloy wheels, heated mirrors, electric windows and a load bay cover, will cost £13,500.

Daihatsu, in which Toyota has a 33 per cent equity stake, makes only small and very small cars, four-wheel drives and vans - a total of more than 800,000 last year. In the UK, the Sportrak and Fourtrak on/off-road cars have dominated Daihatsu sales, but the emphasis is changing. In a few months, the bulk of its UK registrations will be cars such as the Charade, Move and Grand Move.

Small is beautiful to Daihatsu. Among new products in the pipeline is an on/off-road lifestyle 4x4, due to go on sale early in 1998, that will be a baby brother for Sportrak and a competitor for Land Rover's Freelander.



Daihatsu's Move: the screen and side windows are so big that visibility is panoramic

The Harley Davidson experience

Angels, yes - but Hell's Angels? Never

Indonesia's top executives are swapping pinstripes for leathers at weekends, says Manuela Saragosa

By day, Okkie Monterie wears a conservative suit and tie. In his spare time, though, the deputy president director of Indonesia's largest listed bank strips off his office costume and reveals a darker side.

Clad in black trousers, an eagle-embellished T-shirt with cut-off sleeves, and flaunting a tattoo on his arm, this top executive at Bank Internasional Indonesia has been spotted trail-blazing his Harley Davidson amid Java's rice paddies.

Monterie is no eccentric. Rather, he is among a growing number of Indonesian executives who have traded in their weekend rounds at the golf course for a spin on a Harley bike in the company of like-minded colleagues.

"This is much more fun," he chuckles. "When you spend 14 hours a day doing banking, you want to do something completely different."

Indonesia's Harley Davidson club, with chapters

mushrooming throughout the main island of Java, estimates there are now about 2,000 Harley owners in the country. That, it says, makes Indonesia one of Asia's largest markets for a bike that ranks among America's most famous icons.

But Jakarta club members are keen to point out that Indonesian bikers are not rebels. "We are angels, not Hell's Angels," explains Robby Djohan, a Harley fan and retired president director of Bank Niga.

There is certainly nothing riotous about their excursions. On the road, Jakarta's Harley riders - whose headquarters in the south of the city is called the Eagle's Nest - form loud, but neat, police-escorted convoys. A

tour leader is appointed on each excursion and stops take place every two hours. Discipline is the key.

Annual Harley Davidson get-togethers are a friendly affair, with clubs from neighbouring countries invited to attend. Wives are encouraged to join the rides. And cross-border excursions to Malaysia and Thailand promise to do more for regional relations than the Association of South-east Asian Nations.

"The Harley brotherhood is world-wide," says Djohan. "Once we are all together on our Harleys, we bond." Beyond the heavy metal accessories common to both, Indonesia's bikers have little in common with their colleagues in the US. There are



In biker mode: Indonesia's President Suharto

no beer belly contests or drag races, and the long-limbed women in the courtyard at the Eagle's Nest do not sport the leather boots,

body piercing and tight shorts worn by their western sisters. Indeed, Indonesia's Harley bikers have fought hard to

shrug off the hoodlum image. They hold annual fund-raising events for orphanages, plant trees to help make Jakarta green, and donate money to natural disaster relief funds. "We are fierce-looking, but we like to neutralise that. So, we have social events to show we are not," Monterie explains.

He adds: "It's a privilege to own a Harley in Indonesia. Most of us are executives and we feel there is something we have to do for society. All Harley riders will agree that, because of the bike's sound, you might get carried away and find yourself too macho. A lot of people might not like that."

Such self-restraint contrasts sharply with the extravagance of financing

the Harley hobby. It costs up to \$80,000, including import duties and various taxes, to bring a fully built model into the country. A ban on imported bikes with engines over 250cc was lifted recently, but getting all the right papers for a Harley is not a simple procedure.

A way round some of the duties was for would-be Harley bikers to take the machine apart, import the parts and re-assemble it in Indonesia. They got so good at it that Djohan decided it was time to go one step further. The result was Indonesia's first "national" motorbike, based on Harley parts acquired in the US and costing a more modest \$30,000.

Christened, the "Jatayu" after the eagle featured in a

Javanese shadow puppet show, 75-year-old President Suharto was the first proud recipient earlier this year. A factory has been set up outside Jakarta and around 15 bikes a month are being produced.

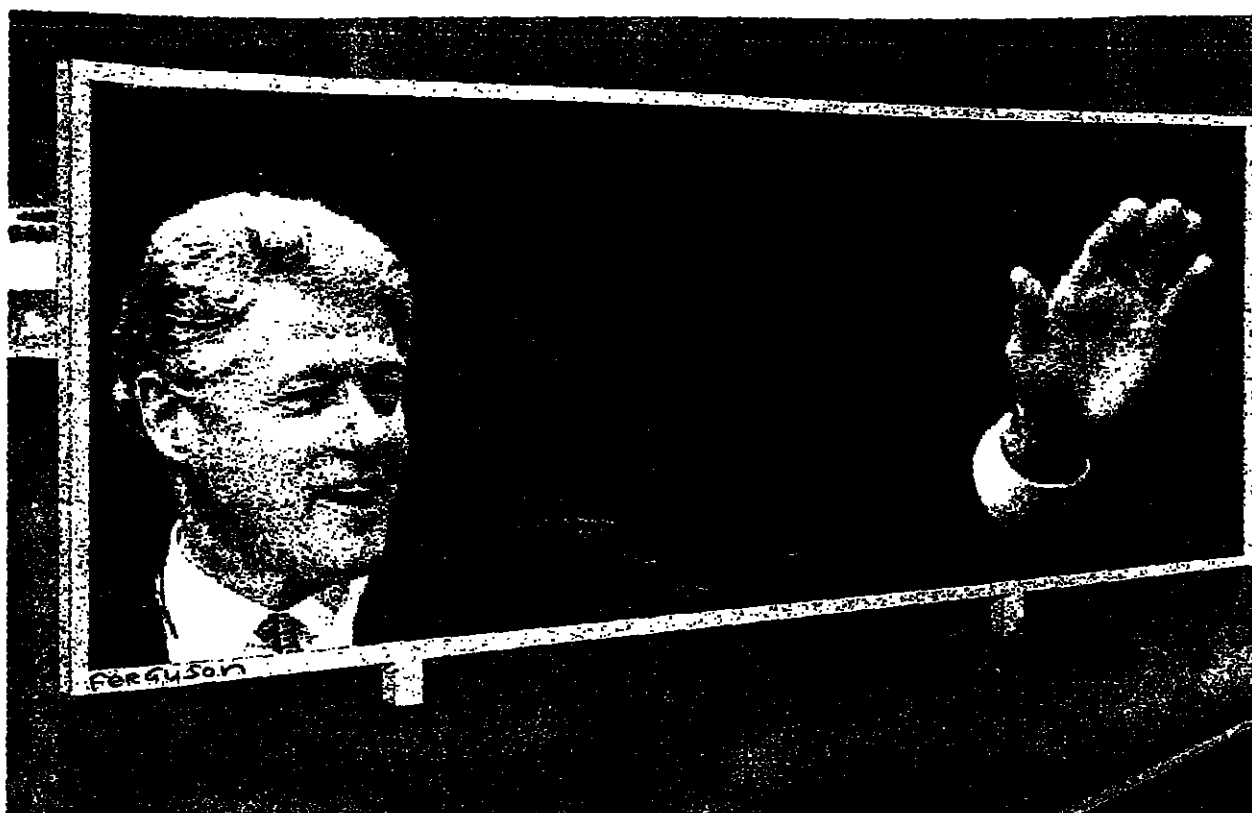
Indonesia's love affair with Harleys has a lot to do with US cinematic history, of course - one thinks immediately of such quintessential Harley riders as Marlon Brando, Peter Fonda and Jack Nicholson. But there is a strong link with the republic's own earlier years.

That is because, after the nation achieved independence from Dutch colonial rule, Harleys were used exclusively by the country's military and police. Indeed, many club members have military backgrounds; Indonesia's Harley Davidson Club is headed by retired Maj Gen Hidarjo, the former chief of Jakarta police.

For them, the bike has nostalgic value although, nowadays, it is fast losing its close identification with the authorities.

1997/03/29

TRAVEL



I kept right on, to the end of the road

After seven months and 15,000 miles, Nicholas Woodsworth finishes his drive through north America. Appropriately enough he ends up in Washington, hoping for a glimpse of President Clinton.

I drove up Interstate 95, over the Potomac River, and into Washington DC in a reflective mood. Also a tired mood. I had driven 15,000 miles through four Canadian provinces and 26 American states. I had filled up at more gas stations, eaten more Big Macs, and slept a wary sleep in more strange towns than any person reasonably should.

And now, after many weeks, I had come full circle, completing a great loop that had taken me through every region of North America. What better place to finish than in Washington DC, the city from which the ideas and energy for building this vast nation had sprung?

The sky was soggy and grey, but I was not going to let a little drizzle put me off. Like every other tourist who has ever come to Washington, my first hankering was to see the country's nerve-centre, the seat of the greatest power on the globe. I headed for the White House. "Please move that van, sir!"

The voice was polite but firm, and issued from a stern-looking secret service man (not really, in his case, so secret at all; his car was

marked "Secret Service - Uniformed Division"). I had parked my van, Modestine, with some other, rather posher-looking cars on Executive Avenue directly behind the laws of the White House. Like a score of other tourists standing patiently in bright raincoats by the iron railing there, I thought I might catch a glimpse of the great man himself. For, posed on the grass in front of us, its rotors slowly turning and its open hatch attended by an honour guard of ramrod-straight Marines in blue uniforms with silver buttons, sat the presidential helicopter.

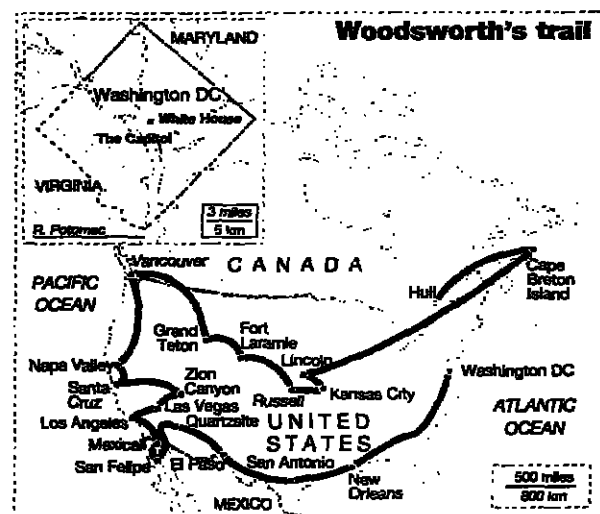
At any moment a familiar figure would emerge from the White House. He would stride purposefully across the lawn and, before being swept away to some rendezvous of unimaginable import, bestow upon us his youthful, reassuring grin. The world would be at rights with itself. That, at least, is the way I saw it.

"I said move that van."

This was not, quite evidently, the way the man

from the Uniformed Division saw it. I looked at bedraggled, best-up-looking Modestine. How could anyone possibly imagine she posed a security threat to the greatest power on earth? After dragging herself 15,000 miles around the continent, she barely had the energy to activate her indicator lights. The real reason for the Secret Service man's ire, I believe, is that he thought her so shoddy-looking she might spoil the chief executive's view and sense of presidential grandeur. On I moved.

I did not really mind. I had a rendezvous of some import myself. Parked elsewhere, I strolled off across the grassy expanse of the Mall to the tall obelisk of the Washington Monument. From there I made my way down the long, tree-lined Reflecting Pool, past the Vietnam Veterans Memorial, to a grand, hewn-marble monument. As I approached, the sun emerged from a bank of clouds. It illuminated marble steps, a double row of columns, and behind them, the great stone-carved presence



of Abraham Lincoln sitting in wise, silent and gloomy contemplation.

I plonked myself down on the steps of the Lincoln Memorial. I had a little contemplation of my own to do. Here before me, stretching down both sides of the Mall to the dome of the Capitol building, were the venerable institutions of state, symbols of America's greatness. Here were icons of great political

power and military might, magnificent repositories of art and culture, administrative bodies of vast complexity, financial organisations of wealth and influence undreamed of by lesser nations. Here was America in all its glory.

It was impressive. But somehow, I could not rid my mind of many of the less glorious aspects of America I had run across in recent

weeks. How was it, in such a nation, that one out of five citizens lives below the poverty level? That crime and drugs today make the sidewalks of America life-threatening places? That racial hatred burns down churches? That public education is abysmal, mass media mediocre? That greed and development are despoiling the face of the country?

America's great consumer society, I was not the first one to reflect, sometimes appears intent on consuming itself. All these things caused me to hesitate before the US's great monuments to itself.

But what, in the end, did my thoughts matter? What counted were the people who called this home. Raising myself from the steps of the memorial, I wandered off to see what America's recent immigrants - still outsiders like me, but with a real stake here - thought of their new country.

Washington is, in fact, not one place, but two - a wealthy and sophisticated federal capital superimposed upon an impoverished

southern city beset by all of modern America's ills. It was in Adams Morgan, far from the middle-class suburbs and part of this second, unofficial Washington, that I met some new Americans.

A true Babel of languages and cultures, Bohemian, off-beat Adams Morgan is the most ethnically diverse area in Washington. Walk along 18th Street and you will find restaurants from India to Ethiopia, from El Salvador to Argentina. Wander the aisles of the Best Buy Supermarket on Mount Pleasant Street, and you will read notices in Spanish, Vietnamese and sometimes even English. Amble down Columbia Road and you will share the sidewalk with Guatemalan men who in straw cowboy hats and broken shoes hang about like campesinos on market day.

Why come to America, I asked Mezah Alamgir, a young Bangladeshi working part-time at the India Gate restaurant. For its opportunity, he answered. Violence, political instability and dismal economic conditions made opportunities at home

few and far between. In America, Alamgir told me, he is well on his way to a science degree.

Elizabeth Duarte, a Salvadoran selling music cassettes from a sidewalk stall, had the same answer: opportunity. Jama and Siefu, two hard-looking Ethiopians who park cars in a valet parking lot, echoed her. So did Eric Leon, a Russian-Jewish shoe repairman from Moscow. Even Jaime, a Guatemalan selling stolen radios from a plastic shopping bag, told me there was more opportunity in America, more chance than anywhere else to get ahead, to become what you want to be. It was like a chorus from *West Side Story*. Life may be troubling in America, but it can be much more troubling elsewhere.

I returned to Modestine feeling chastened by these new Americans' enthusiasm. There is no one correct view of America, positive or negative - it is too large, too complex, too full of contrasts to make simple pronouncements. There are as many views of the US, in fact, as there are highways across it. One can only travel, and wonder, and choose the road that looks the most promising.

Bed and breakfast à la française

Sue Style looks at how the French are increasingly offering a very British formula

If you are weary of middling French hotels - surly proprietors, cardboard walls papered with carpet, the shower in a cupboard in the corner, the bath barely big enough for a seated infant - then *chambres d'hôte*, or B&B à la française, could be for you.

The bed and breakfast formula, an idea once associated almost exclusively with the British, is being adopted increasingly by the French.

There are several useful books, the best of which is the *Guide de Chambres d'Hôte en France* published in French, English, German and Dutch by Rivages (FFr129). An excellent little read, it starts with a summary of properties arranged by region (eg Aquitaine) which are further sub-divided into *départements* (eg Dordogne, Gironde etc). Next comes a series of maps on which each of the *Maisons d'Hôte* is flagged with a number

relating to each property. Every entry has a colour photograph, with a first section listing facilities (number of rooms available and prices, bath or shower, TV or not, dinner if available, sitting room, things to do on the premises/nearby and other interesting information). A second section gives a personal appraisal of the property.

The French Government Tourist Office publishes a host of booklets, ranging from the little *Chambres d'Hôte* guides put out by *Hugo de France* (one for each region) to the excellent *Bienvenue au Chateau* for western France which covers Normandy, Brittany, the Loire and Poitou-Charente. They are available free at tourist

offices and *Syndicats d'Initiative*.

On a visit to the Loire and Brittany we decided to put B&B French style to the test. First stop was at La Rabouillère, near Cheverny, in the heart of *château* country. The long, low, brick and timbered house looks as though it has been there for centuries. In fact Monsieur and Madame Thimonnier built it ten years ago, using old materials and following the *Sologne* style of architecture. Madame greeted us, accompanied by Hugo the yellow Labrador, and showed us to our delightful, small room with television, writing desk and bathroom.

Next we were introduced to the house fridge, complete with local red and

white wine and beer; a price list was stuck to the door. "Help yourselves and put the money in the piggy bank", instructed Madame. Breakfast is served in the kitchen at outside tables or, in bad weather, in the cosy, wood-paneled dining-cum-sitting room.

Moving on down the Loire, we stayed at the *Domaine de Mestre*, an attractive complex of farm buildings which formerly belonged to the nearby estate of the Abbey of Fontevraud (final resting place of Richard the Lionheart). With 11 rooms this is one of the larger *Maisons d'Hôte*, run by the Dange family who started up 17 years ago when B&B was unheard of in France. Dinner is offered - and highly recommended -

served at separate tables in an appealing, low, vaulted white stone dining room. In the early evening Monsieur Dange sets off across the courtyard to the cave to summer his bottle basket with the tipple for dinner.

Mestre is in the kitchen - when not running her luxury soap business, housed in one of the stable buildings across the courtyard. A daughter also helps out.

Brittany is also well-furnished with B&B's but all are heavily booked in August - so plan well ahead. We were referred by the owner of a beautiful, but fully-booked property, near St Cast-le-Guildo, to a neighbour and friend whose

place sounded idyllic. Billed as a *château* with a view of the sea and direct access to the beach, it turned out to be a mournful mansion in a field with a distant view of the bay.

The beach was 10 minutes away and had a camping and caravan site at one end and a *colonie de vacances* at the other. The room was huge and down-at-heel, the bedlinen elderly and the bathroom just about adequate.

There were no other guests, but the house was filled with numerous (and noisy) children and grandchildren, whose crumbling lifestyle we felt we were probably subsidising. We moved on sooner than planned.

An excellent stop was in the depths of the Mayenne,

north of Angers at the *Logis du Ray*. Monsieur and Madame Lefebvre are masters in the art of B&Bing, and were previously in antiques - a fact apparent from the furniture.

Nowadays the antiques have given way to a thriving driving instruction business - people come to learn how to drive horses and carriages. Guests can also book rides in the carriage with M Lefebvre. Our room was pure Laura Ashley and the four-poster bed comfortable as well as quaint. The Lefebvres also offer dinner and take their role as hosts seriously.

The *Château de Beaufeu*, close to Sancerre, made a peaceful and beautiful last stop. A 16th century turreted castle with a stable

block, which would house most people in considerable style, stands in its own park with trees, a small stream, grazing horses and Charolais cattle. The only sound to shatter the impressive calm is made by the occasional green woodpecker.

Monsieur and Madame de Pommeroy offer dinner on request, or there are plenty of possibilities in nearby Sancerre or Chavignol. We had one of the best meals of the holiday at the *Côte des Monts Damnes* in Chavignol. A FFr145 menu featured fresh chanterelles or toasted goat's cheese, a choice of whole roast veal kidney, duck breast, fresh cod or pike-perch, a selection of cheeses straight from the village goats and at least six different desserts.

It was the sort of cooking and the kind of prices one used to expect - and frequently found - in the French provinces, but which is nowadays all too rare.

In the eerie land of the midnight sun

Roger Bray lets smoke get in his eyes in Norway

Euroceptics would feel at home in Flakstad. When Norwegians decided in a referendum not to join the European Union, this was the commune which, proportionately, produced the biggest vote against. It was clearly to do with the stockfish.

Flakstad is a defiant sort of place. There is a church with an onion steeple, dating from 1780, in which the original timbers were Russian and came from a wrecked ship. Green mountains rise abruptly from the sea, their tops scarred in cloud. Bog cotton quivers on wet grass. Arctic terns slice the wind. There are a few, small beaches of white sand.

The Lofotens lie inside the Arctic Circle. In summer cruise ships call and a few tourists come to cycle, hike

and hang out on silent jetties in the eerie, low light of the midnight sun. But it is in mid-January that the archipelago really comes to life. That is when the cod come up the Gulf Stream to spawn.

Stockfish is dried cod. In a good winter the islanders hang out 5m to 8m kilos a week on rickety looking frames. The fish dangle in the salty air, heads down, jaws agape, like albino bats. There are experts who sniff for sourness and who might remind you of wine tasters, save that, after a season in the sheds, they would probably find it hard to tell a Romanée-Conti from hot chocolate.

It is an acquired taste. The Italians, who were introduced to stockfish by Hanseatic merchants, have acquired it. They consume 95

per cent of the Lofotens' output. They cook it with peppers and spices and sometimes with polenta. In the north they like it lean, in the south they prefer it meatier. You even find it in Greek islands where the Venetians ruled.

With an export value of up to \$40m a year, the industry is good enough reason to be suspicious of meddling by Brussels.

It has also provided the islanders with one of their great tourist attractions, the *rørta*. Often built on stilts over the sea, these wooden cabins were needed to house the huge, transient work-force that followed the cod in open boats, many drowning in sudden storms.

Some are original, others more recently constructed. I stayed in one at Mortsund, on the island of Vestvagoy.

The bedroom was functional but comfortable, there were cooking facilities and a fridge and a large sitting room, with a view of fjord, skerries and distant mountains. An information folder requested visitors, should they borrow a boat to go angling, to clean the fish blood out before returning it. There was a separate restaurant and there were bicycles to rent.

Whether you are swerving across the road to avoid a fisherman's nets, spread to dry, or watching an oystercatcher teaching its young to forage among the pebbles, the Lofotens condemn you to the role of voyeur, to a sense that there is much more to this sea-saw existence of sleepless summer light and unbroken winter darkness than the occasional visitor can ever penetrate.



The Lofotens: more than an occasional visitor can understand

You feel this watching the flow of the Mosknesen maelstrom, described by Jules Verne and Edgar Allan Poe. You try to imagine how it is when a strong wind blows against the current, whipping up 30 ft waves. Then you look down on lonely Unstad, which lies, surrounded by strip farming, on the flat floor of a natural amphitheatre, with the grey

sea beyond. Some earlier writer likened it to stumbling upon Shangri-la but I could think only of the wind, blasting across the ridge and cannoning off the far wall of the valley like a billiard ball, ripping the roofs off houses.

There are few contrived diversions here. Although it may sound about as promising as a tour of a former Soviet tractor plant, a visit

to the Stockfish Museum at Sorvagen is essential to understanding the rhythm of the place.

The new Viking Museum in Borg is full of atmosphere. This is a reconstruction of the largest Viking building ever found. The smoke of wood fires drifts out through roof vents, ancient gold jewellery shines in the gloom. Nor should you miss Storva-

gan, with its gallery of Kaare Kipelin Johnson's work, much of it on scrapboard. Some of his early output was influenced by Chagall, but later he developed a distinctive style, full of spooky light, heaving storms and the battered faces of fishermen.

But most of the pleasure is in the land and seascapes. I was reminded of the Isles of Scilly, a feeling reinforced by the fact that the islanders, like their counterparts off Cornwall, had eaten the puffins which tourists now sail to see on the bird cliffs of Rost. The likeness is in the constant interplay of rock and water - and lagoons sometimes so still that rocks and their reflections are like two halves of a walnut.

■ Roger Bray travelled with Inntrevel (01653-628811), which offers packages combining the Lofotens with a trip on the Norwegian Coastal Steamer and/or two nights in Tromsø. For example, four nights in Mortsund, one on the steamer and two in Tromsø (breakfast included), with flight and transfers based on two sharing, costs from £718.

JOHN LISA

TRAVEL

late...update...update...update...update

MAIN CHANCE: A reproduction of John Cabot's ship *Matthew* will set off from Bristol on May 5, recreating his 1497 voyage of discovery to Newfoundland. Heritage Touring (01305-258440) offers a two-night holiday, including a chance to sail on an escort vessel down the Bristol Channel, from £195.

For those who prefer more traditional seafaring, the Queen Elizabeth 2 this year extends its transatlantic voyages from five days to six, giving a more leisurely crossing and the chance to change course when weather requires. Tel: 0171-573 2471/478.

Meanwhile, P&O's Princess Cruises has extended to its 1,200-berth *Royal Princess* the concept of round-the-clock dining instead of set meal times. (Leave the scales at home.) Tel: 0171-800 2468. The company says all berths on the inaugural cruise next December of its

latest ship, the *Arcadia* – successor to the *Canberra* – sold out in a month. It speculates that passengers will be spending money they have made from the flotation (appropriately enough) of building societies.

And for British tastes: the 14-night *Archers* cruise. Fans of the BBC radio soap opera can meet cast members and join the Brain of Borchester competition aboard the *Oriana* (0950-725725), leaving Southampton on October 18.

TOP FLIGHT: Singapore Airlines topped a Holiday Which? readers' survey of best airlines, followed by Air New Zealand, Emirates and Virgin Atlantic. Next was Palmar, a two-flights-a-day Bournemouth

minnow that was not only top charter airline but the only airline that all its customers would recommend to a friend. Best catering: Emirates. Most leg-room: Czech Airways.

CHANGE OF USE: Converted accommodation is the specialty of Distinctly Different holidays: former schools, oast houses, follies, windmills, even a jail and a brothel. Call 01225-866842 for a £2 guide to the sites offered around Britain, on a bad and breakfast or self-catering basis. Links with Moulin En France, which covers wind and water mills.

OLD-FASHIONED AIR: Swissair is to mark 50 years of transatlantic flights by operating a Douglas DC-4 on a network

between Athens, Cairo, Prague and Salzburg. On May 2 a flight from Switzerland to New York will take a mere 25 hours in all, including stopovers at Shannon and Gander, the way everyone used to do it. Return flights will be in brisken 747s and MD-11s. Other dates are available: call 41-1-812-5191 for details.

BAG AND BAGGAGE: British Airways has standardised its cabin baggage policy. In economy: one piece, maximum size 55x40x20cm (22x16x8in), weighing 6kg (13lb). Club and First class allow varying shapes, up to 9kg; Concorde, 12kg.

DUBBY: The Dubai Shopping Festival runs from March 27 to April 26: 3,000 shops offer big discounts on

everything from cars to jewellery, and sports and entertainment events are tied in. A lot of gold and a Lexus car can be won in raffles every day. Kuoni (01306-743000) offers short breaks from £285.

DESERT IN BLOOM: the Sossusvlei pan in the Namib Desert is flooded for the first time in 10 years. Sunvil (0181-232 5777) is running two unusual weekend trips – on April 10 and 17 – to see the rare sight. Cost: £1,824, including full board, game drives and balloon flight with champagne breakfast.

HELD TO RANSOME: Blakes Boating Holidays offers a Coot Club Treasure Hunt for children up to 16 holidaying on the Norfolk Broads until October

18, based on the Swallows and Amazons books by Arthur Ransome. Kids receive a pack including a copy of Coot Club, treasure details and a pennant; winner gets a £2,000 sailing dinghy. Call 01603-782141.

VIVA BRITANNIA: More tourists came to Britain in 1996, and spent more money, than ever before – 26m (up 6 per cent) and £12.7bn (up 5 per cent) respectively – drawn by its "bad-and-trendy" image, said Virginia Bottomley, national heritage secretary.

LAKE AIRWAYS: (01293-789000) has started daily non-stop Gatwick-Miami flights and introduced a Premier Business class with an introductory £849 one-way fare

until June.

GATWICK Express is to begin an all-night train service to London Victoria station from next month, running at least hourly.

UKRAINE now requires visitors to have medical insurance: there is a diptheria epidemic, says the Foreign Office.

NANNY STATE: Caribbees (0171-581 3517) offers trips to Tobago during the goat-racing season – apparently a popular springtime sport in the south Caribbean island. The beaches are recommended too.

SAFARI DRIVE: mentioned in our safari special on March 15, now has a new address and telephone number: Wessan House, High Street, Hungerford, Berks, RG17 0DL, (01488-681811).

John Westbrooke

Long weekend Power and the glory of Bologna the Holy

Antony Thorncroft finds a new set of superlatives for a city which honours its past



Annibale Carracci's 'The Coronation of the Virgin' from Discovering the Italian Baroque: The Denis Mahon Collection, which is at the National Gallery until May 18

Bologna the Fat, Bologna the Red, Bologna the Learned – few places have collected descriptive aphorisms as freely as this north Italian city, and, at least to a tourist on a weekend break, they all seem to be totally inappropriate.

Bologna's reputation for fatness comes from its cuisine, reckoned to be the best, most self-indulgent, in Italy, its matchless pastas doused in the sauce that the city gave the world – except that "Bolognese" rarely appears on a restaurant menu.

Restaurants, too, are not that thick on the ground, for one of the great joys of Bologna is that this is not a tourist city. Its restaurants serve the locals, and do them very well, with fish surprisingly abundant for an inland city. Some are formal, special occasion eateries, but La Mela, tucked behind the Piazza Maggiore in Via de' Fusari, was easygoing, excellent, and cheap, an unbeatable trio.

As for "Bologna the Red" – if it applied to the city of the place – its buildings coloured a mélange of terracotta and pink and orange, every subtle variation of red, it would seem just. But Bologna has a reputation for being a different shade of Red, Communist

run and proletarian in its outlook. It certainly avoids the *hauteur* that affects some northern Italian cities, but for such a supposedly left-wing place it would better carry the tag "Bologna the Holy". Few comparable cities have more, or grander, churches.

For centuries Bologna was part of the Papal States, and second only to Rome in the power and profusion of its churches and monasteries. Many – notably the basilica of St Petronius on the main square, which in the early 16th century threatened to grow larger than St Peter's Rome until the Pope slapped it down, and the church of St James the Great – have the power to overwhelm as you enter through small bare doors into great caverns of gothic and baroque splendour.

The churches seem to have been left alone, which means that in their abundant side chapels hang the paintings donated by rich families to help propel their souls to Heaven. Until very recently Bolognese art, especially its baroque art of the 17th century by artists like Guido Reni, the Carraccis, and Domenichino, was much despised. Now, thanks largely to the enthusiasm of Sir Denis Mahon, whose unrivalled collection is currently on display in Lon-

don's National Gallery until May 18, it is much admired for its mix of religiosity and blood-thirstiness.

Anyone leaving the NG keen to see more gaudy baroque would have a fine time trawling the many churches of Bologna. But so would admirers of earlier architectural styles. The rule of the Pope was naturally conservative, and in Bologna they were still building gothic churches long after the Renaissance. In St Stephen's Basilica you have an unmatched cluster of adjoining churches, chapels and cloisters, mainly Roman-

esque, while St Dominic's Basilica contains the carved sarcophagus of the teachers, their sarcophagi raised high on platforms supported by carved pillars, standing in the precincts of churches, like St Francis, their status uncertain but respected.

It was the influx of students which gave Bologna its most compelling characteristic – its arcades, which run down most of the main streets in the *centro storico*, the largest intact mass of pre-18th century buildings remaining in Italy outside of Venice. The theory is that to accommodate the students

the upper storeys of the houses were extended above the streets. Whatever the cause these picturesque porticos provide shelter from rain, sun – and cars. Bologna is one of the few Italian cities in which it is a pleasure to walk.

Bologna might be criticised for lacking any outstanding touristic attraction – but the 13th century Garisenda tower leans almost as provocatively as its rival in Pisa and the neighbouring Asinelli tower, with its 500 wooden steps, provides a climb and a view to satisfy the most jaded traveller.

Bologna might also lack an artistic masterpiece, but the Piazza Maggiore, flanked by church, town hall, shops and café, is as grand a communal space as in any Italian city, and in Giambologna's massive fountain dedicated to Neptune, beautifully illuminated at night, it has an artwork of grandeur and grace.

Bologna also honours its past: on the walls of the town hall are the photographs of the hundreds of its citizens who were killed by the Nazis during the 1943-44 uprising. Bologna is proud of its anti-Fascist credentials.

So anyone travelling from Florence to Venice and seeking an overnight halt should postpone plans to see Modena, or Ferrara, or Padua, and take a chance on Bologna. They may well be intrigued by its distinctiveness, its lack of side, and will be positively delighted by the absence of tourists. Disappear under the portico and enjoy.

TravelScene (0181-427 4445) has added Bologna to its City Break packages and offers two nights, flying British Airways and staying in the centrally located San Donato Hotel, for £326 a person.

Down in the forest, the tree ants taste good

Arnie Wilson observes nature in the raw in Queensland

Only minutes into our night-time guided tour of the Queensland rainforest, we encountered a snake.

Hans, our bearded guide, picked it up. "Why don't you stroke it?" he asked. Since Australia has eight out of 10 of the planet's most dangerous specimens, we were naturally anxious to know what it was before we agreed to such a gesture. This, we felt sure, was not called Cape Tribulation for nothing.

We were in luck, however. It was neither a brown tree snake nor a western Taipan – nor any of the other potentially lethal varieties. It was a harmless carpet snake.

It felt surprisingly dry. Not clammy at all, unlike our hands. Emboldened by this, we looked forward to the next item on our shopping list: crocodiles.

"We're going down to the creek now," said Hans. "With a bit of luck, we'll see some. Their eyes light up like little lamps if you shine a torch on them. It's like

someone drawing on a cigarette."

Sadly our initial burst of success with the carpet snake was not to be repeated. No crocs. Or none that we could see. And, apart from a couple of jungle fowl sleeping on a high bough in a Silky Oak, selected a suitably juicy green tree-ant from a nearby bush, and, in the interests of research, bit its head off.

"Mmmmm. Not bad," she said, swallowing the morsel like a true aboriginal. "Not as bad as I expected." One had the impression that Sharon, in the finest tradition of travellers seeking to experience as many of the strange customs of the world as possible, would try almost anything once.

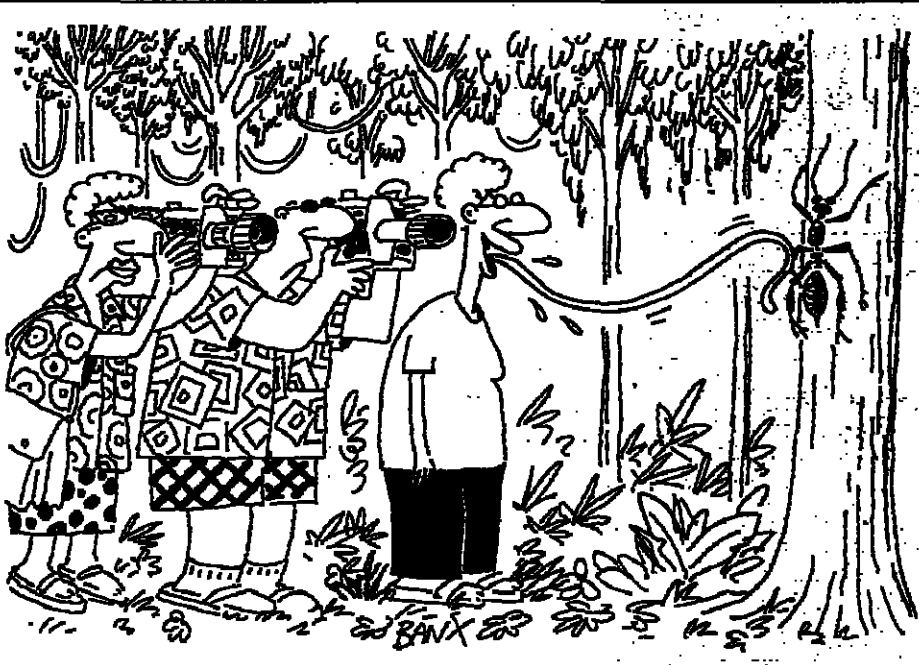
Our guide turned out to love crocodiles. At least after searching the coastline and estuaries of the rainforest in vain during our nocturnal ramblings, we got to see some real crocodiles, even if they were motionless and in captivity. There were tree-loads of green ants, too.

Our guide deliberately

ripped a hole in one of their nests – not to feed Sharon, but to demonstrate how quickly all hands rushed to repair the damage. The large green leaves of which the nest was constructed were repaired in a few seconds.

I found the comatose koalas much more interesting. We could have reached out and touched them. There were disarmingly docile kangaroos and wallabies and the Draculean-looking fruit-bat turned out to be more like a benign winged dormouse.

Cape Tribulation was



named on June 17 1770 by Captain James Cook when he and his crew of 87 men were forced to beach his damaged barque Endeavour for repairs, which took seven weeks.

The camp they established later was to become Cooktown, Australia's first "resort", where the Great Barrier Reef and the virgin rainforest are said to meet in silent collision. Captain Cook also named some of the most beautiful islands of the Great Barrier Reef the Whitsondays, after arriving here a fortnight earlier on Whit Sunday, June 3 (did he know, or care, one wonders, about the date-line, assuming it even existed in 1770?).

Of the 74 islands, Hayman Island – the most northerly – enjoys fame as one of the most luxurious resorts in the continent. But it was not always the case. In 1907, it was sold for £30, along with the goats whose descendants roam the island to this day. The goats were used to assess the island's worth when it changed hands later, when Reginald Ansett, the

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TRAVEL

Earth Mother's longing for Sky Father

Christopher McCooley visits a fertility festival, a mixture of ribaldry and religion, fun and frolic, in Japan's Aichi prefecture

It is two metres long, half a metre in diameter and painted bright red, the colour of male power. It is being carried by acolytes wearing virgin white robes through bare rice fields. It is so heavy that 20 men are required to lift it. It is made from the trunk of a cypress tree. It is a giant phallus.

This is not the ritual of some obscure cult in a primitive society, nor is it a pornographic film: this is Japan, economic superpower, nearing the 21st century, and it is a fertility festival, one of several held annually throughout the country, usually in the spring and early summer.

Japan is probably the only post-industrial nation in the world that retains festivals which are uninhibited, joyous occasions where sex and procreation are worshipped with open displays of giant phallic and vulva symbols. Unfettered by any Christian sense of guilt, the Japanese celebrate sex for what it is - a fact of life.

Today the festivals are a mixture of magic and myth, ribaldry and religion - quintessentially Japanese. It is somehow reassuring to remember that, as the country marches along the information super-highway into next century, it still finds time to accommodate the goddess who protects the fertility of the rice fields and to celebrate the immemorial union of the Earth Mother and the Sky Father.

The origins of this particular festival, held at Tagata shrine in Aichi prefecture, north-east of Nagoya, are lost in antiquity, but it is held every March, the beginning of the new year, and hence the new growing season, according to the old Chinese calendar. Although there are some low hills in the vicinity, the terrain is part of the fertile and extensively cultivated flood plain of the rivers that flow south

from the mountains of central Japan. The shrine is surrounded by rice fields. No written source gives the exact date of the foundation of the shrine but an old sword excavated in 1936 and some pot shards, discovered later and identified as parts of jars about 1,500 years old and probably used by the Imbe clan for brewing saké to be offered to the gods, attest to the sanctuary's age.

Over the centuries the religious aspects of the shrine and its festival have changed but written sources and popular tradition agree that the deity enshrined at Tagata is Tamahime-no-makoto - a woman who was widowed at an early age. According to legend she was associated with developing the cultivation of rice and, in time, she came to be venerated as the goddess of the rice field or the Earth Mother.

Because of the importance of rice in Japanese history and culture - the staple crop and source of health and wealth - it became expedient for the peasant farmers to appease the goddess. Indeed they felt sorry for the young and lonely widow and so, each year before the rice planting season, they brought her husband, Takekadane, and his most important asset, to join her in the shrine for a period of rest and procreation.

This story embodies the ancient and universal cult of agricultural fertility - an active male god coming from above (the sky) to impregnate the passive female land (the earth). The consummation of the Sky Father and the Earth Mother would, if everybody smiled on everybody else, bear fruit.

Mention of a sex festival, especially to someone brought up in a Christian culture, is likely to conjure an image of naked bodies entwined in sensuous abandonment. In fact, these festivals are more for the voy-



The march with phalluses through the rice fields to Tagata shrine. The Tagata festival is particularly popular with tourists

Christopher McCooley

eurs of culture, and for those ready to have preconceptions of Japanese passivity challenged.

But that has not always been the case. In the past, assisted by loosening and liberal draughts of saké, the peasants tended to enjoy themselves hugely, to such an excess that the festival was banned by the authorities. On occasions, too, the phallic symbols that are housed in the shrine buildings were collected up and dumped in a nearby pond.

However, as the story goes, those who participated in doing this were all attacked by strange illnesses one after another, until at last, to ward off divine punishment, the fetishes were retrieved and reinstalled.

Today there is a lot of ribald humour at the festivals and they have become popular among tourists. The Tagata festival is a particular favourite with Americans. During the Occupation the nearby airport of

Komaki - Nagoya's international airport today - was an American air base and it was servicemen who internationalised the event.

Today bus loads of servicemen and women attend from all over Japan, as well as tourists. It is the unabashed celebration and commercialisation of sex that appeals to many. The shrine sells numerous trinkets and charms reputed to amuse and/or assist. These charms only work for one year and then must be renewed. Buying good luck is big business in Japan. One of the more popular trinkets is a tiny pair of male and female dolls - as they are brought together, a strategically placed magnet draws out the male's member.

The shrine's official pamphlet claims that "barren couples or people without luck with the opposite sex, or with a weak sexual organ, have found help at this shrine". Indeed, couples who

are having problems conceiving come to pray. In the grounds of the shrine stands an old pine with a split trunk - considered to be husband and wife. Between the two trunks the priests have placed a stone which has the natural form of a

Shintoists believe that 25 and 42 are men's most dangerous years

phallus. It is believed that women who walk between these trunks will become pregnant.

Worship of the phallus has been this shrine's particular custom and it is reputed to have the biggest collection of erotic talismans in Japan. Adjacent to the shrine is a museum claiming to be the

only one of its kind in the world. It contains, floating in formaldehyde, the penises of scores of different mammals. They range in size from that of a diminutive dormouse to a massive member formerly belonging to, appropriately enough, a sperm whale.

Every March 15, from early morning, hundreds of people gather at the shrine to take part in the festival. At the hour of the Serpent a lottery is held. In former times, the day was divided into 12 equal intervals of two hours each and named after the same 12 animals adopted from the Chinese calendar for the years viz: Rat, Ox, Tiger, Hare, Dragon, Serpent, Horse, Goat, Monkey, Cock, Dog, Wild Pig. The hour of the Rat is 11pm, thus the lottery is held from 9am to 11am.

Each person may draw three times and if he or she is lucky enough to get one of the papers marked with a "fan", "measure" or "abacus" then good luck is

obscenely large proboscis. Then follow a group of five women parishioners in purple robes each cradling a white phallus. These women are all 35 and are participating for the same reason as the 42-year-old men (the Shinto religion believes that 19 and 33 are the most dangerous ages for women). But in their case they participate not so much to purify themselves as to ward off sterility.

More priests follow, some playing ancient tubular flutes, and others banging a gong suspended from a wooden pole. Then, preceding the image of Takekadane which is carried in a palanquin, comes his huge penis on the shoulders of 20 42 year olds. This penis is made annually by craftsmen who work solely on shrine and temple construction.

Progress is slow - with frequent stops for swigging saké, ribald banter with tourists, posturing and posturing - a fun festival of Rabelaisian sensuality.

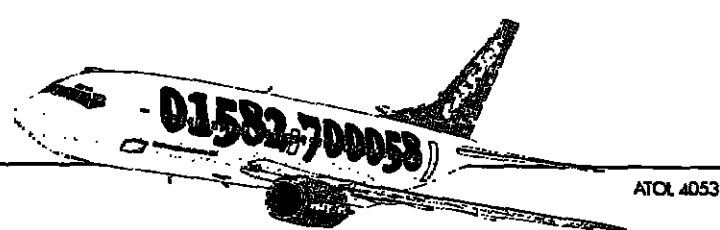
There is a rest at the subsidiary shrine and then a slow parade back with more banter and booze along the way. The finale of the festival for the thousands of visitors comes with the distribution of pink and white rice cakes thrown by priests to the crowds. This symbolises the propagation of good luck and people scramble to get a share of it.

The giant red phallus rests for one year in the shrine, presumably bringing deep joy to Tamahime-no-makoto - for in the succeeding weeks and months the rice seeds swell and germinate, grow tall and flower, and eventually bow their golden heads, heavy with grain, in respect to the Earth Mother.

In the autumn, when the harvest is safely gathered, the Earth Mother rests with a satisfied smile - and then a few months later, when the days get warmer and longer, something stirs deep inside her and she yearns for the Sky Father again. The natural rhythm of life's longing for itself.

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SPORT

Sporting Profile

Smile of the youngest star

John Barrett talks to Martina Hingis, who next week will become world tennis champion at 16

You notice the teeth first, pearl white and perfectly formed. As she offers her hand in greeting, the warm smile on her young face is as wide as the stable door that guards her beloved Montana. Miles away from Florida's Lipton championships, in Trubbach - the small Swiss mountain town of 5,000 souls where Martina Hingis lives with her mother Melanie - someone else is tending the seven-year-old mare, purchased by Hingis with some of her early prize money.

"We have a friend who looks after her and exercises her for me. But I can't wait to get back," she says. "I like jumping and occasionally do some dressage. But most of all I like to go down the wooded river trail, 30-40km especially for horses, as far as the dam. It is very beautiful there. I love Switzerland, it's like a golden cave in Europe."

The wonder and enthusiasm are genuine. Czechoslovakian-born Hingis is everything you would hope to find in the girl next door, a carefree teenager who enjoys skiing, swimming and roller-blading, finds Paris the most exciting city in the world, listens on her Walkman to Jon Bon Jovi, raves about Tom Hanks' performance in *Forrest Gump* and likes to dip into a dish of chicken fajitas. It is hard to believe you are talking to a young multi-millionaire who, regardless of what happens at this week's Lipton championships, will become the world's No 1 tennis player next Monday.

But that is the way the computer works. Because defending champion Steffi Graf has missed her last two tournaments with an injured left knee, the 27-year-old German's points from last year will drop off the list to leave Hingis atop the rankings for the first time. At the age of 16 years, six months and one day Hingis will become the youngest to reach that lofty pinnacle, a full nine months younger than Monica Seles was in March 1991.

To Melanie, this achievement had seemed attainable from the moment she decided to name her only child after the greatest Czech player of them all, Martina Navratilova. The progress of young Martina from child prodigy to world No 1 has been carefully planned. "I was two years old, my mum tells me, when I started to play with an old wooden racket -

we practised 10 to 20 minutes a day. I played my first tournament when I was four - and lost 12-zero! Aged seven I played and won my first tournament; it was for nine year olds." She smiles with satisfaction at the memory.

"I was nearly eight when we moved from Czechoslovakia to Switzerland. I had a private teacher. Every morning at home I would do two hours of English and one hour of tennis with mum, who has always coached me, then a rest and sometimes a little more tennis. Every day I also did something else - like aerobics twice a week."

It was a diet upon which Hingis thrived. She began to devour junior titles at a prodigious rate.

I remember watching her in Paris in 1993, a 12-year-old

The progress of young Martina from child prodigy to world No 1 has been carefully planned

slip of a girl, beating Belgium's Laurence Courtois, four years her senior, 7-6 7-6 to become the youngest-ever title holder there. Even then Hingis' timing, anticipation and court sense were remarkable.

She retained her French junior title the following year and proved her versatility by winning on Wimbledon's fast grass a month later, again the youngest to do so.

Despite breaking so many records, Hingis has retained a modesty and freshness that endears her to the fans. She actually seems to be enjoying herself on court, but beneath the surface there is a ruthless streak. The eyes twinkle mischievously as she admits: "I smile a lot on the court, but I can also be very angry. I had some warnings last year."

Finding a way to control the frustration when things go wrong is a lesson all perfectionists must learn. Hingis was suitably impressed to hear that Bjorn Borg was once suspended as a junior for throwing his racket.

Like the stoic Swede, indeed like all the great champions before and since, Hingis possesses that fierce will to win that drives them to the limits of endurance.

She went through the barrier last November, against Graf in New York, when she had cramp badly during the best-of-five sets final of the Chase championships. Her 6-3 4-6 6-0 4-6 6-0 defeat at the hands of the reigning world champion, whom she had beaten for the first time in Rome six months earlier, taught her a valuable lesson about physical demands at the highest level.

"I just wanted to cry because you make a fifth set against Steffi Graf and then you are not able to force her any more because you don't have any power in yourself."

The power was there in full measure two months later in Melbourne when Hingis destroyed the 1995 champion Mary Pierce to become, at the age of 16 years, three months and 26 days, the youngest Grand Slam singles champion this century.

Appropriately, the previous day she had also won the ladies' doubles title - as she had done at Wimbledon last July - to emulate her namesake Navratilova, who in 1985 had been the last woman to win both titles in Melbourne.

While her daughter ran to the net to shake hands, Melanie performed a death-defying leap from the lofty front row of the stand at Melbourne Park to join Hingis on court. As they met and embraced you could understand how they felt.

Karol Hingis, Martina's father, has never been part of the team. Divorced from Melanie when Martina was 3½, today he manages a tennis club in Kosice, the Slovak town where the player was born. There was a reunion at the end of February when she returned to Kosice to play for Switzerland in a Fed Cup match against Slovakia. Karol met his daughter at the airport with a bunch of flowers but Martina remained polite and distant.

It was when Melanie married Andreas Zogg, a Swiss computer salesman, that the family moved to Trubbach. It became a strained relationship. With so much of Melanie's time and attention devoted to the progress of her daughter it was hardly surprising that the marriage ended in divorce last September. Melanie has now adopted her maiden name of Molitor.

Hingis seems to have survived the family turmoil unscathed emotionally. Melanie has been her anchor. "My mum is my best friend on tour," she says. "We have a great time



together. Last year in Paris, during the second week, I was watching the juniors arrive for their matches and said to my mother, 'Hey, the little ones are here!' It made her laugh because I was still younger than most of them."

Just how good is Hingis? Coming into the Lipton she had won four consecutive tournaments in 1996 and 25

of her last 26 matches. For a 16-year-old this sort of consistency is exceptional. Not since Maureen Connolly, the great American champion of the 1950s, have I seen such a complete young match-player. Like Connolly, Hingis takes the ball early and times it perfectly to generate

unexpected pace and angle. She also glides about the court without effort just as the American used to, thanks to the same instinctive anticipation. There is also the same absolute refusal to lose. In addition, Hingis serves better and volleys better than Connolly ever did. Could Martina Hingis,

then, become the greatest champion of all? That will depend on her attitude to tennis and to life. First she must surpass Connolly, who won all nine Grand Slam championships she contested and lost only four matches after winning the first of her three US titles in 1961 as a 16-year-old. Then she must tackle Graf's

current 21 Grand Slam singles and Margaret Court's record 24. To overtake these great players Hingis will need the luck to remain injury-free. She will also have to remain single-minded. With that ready smile indicating a healthy interest in other pursuits, I somehow doubt she will want to.

Varsity Boat Race

Can Oxford break a losing streak?

Phillip Halliday finds two crews in top form as they line up for a closely matched race on the Thames

The 143rd varsity boat race for the Beefeater Trophy in London today promises to be the closest race for many years, with both universities producing high-quality crews.

Oxford are desperate to break a four-year losing streak and have searched long and hard for the right coaching team. This year, they have employed as chief coach René Mijnders, the man behind the Dutch eight that won gold in last year's Olympics and Dutch national coach for 10 years.

Cambridge, on the other hand, have found a team of coaches which has been producing winning crews with high levels of technique. The light blues have their tails up and it is hard to break the confidence of a camp in which winning has become a habit.

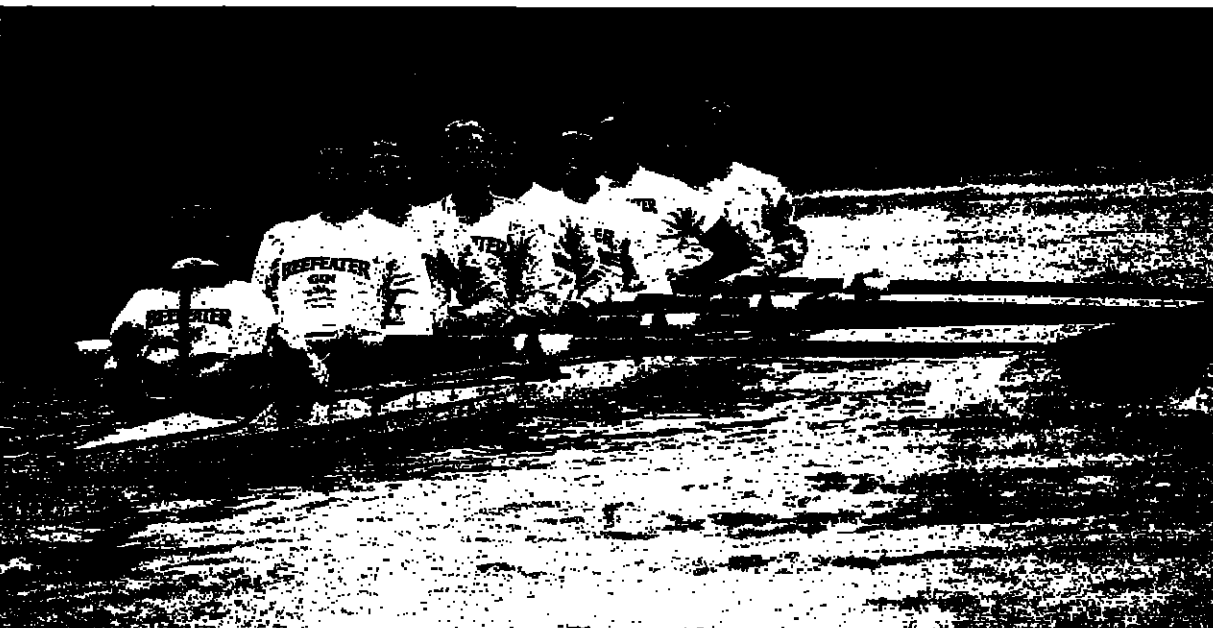
Indications of Cambridge's form are hard to find this year, and can be misleading as the reserve crew is in a different phase of training, planned to peak for summer regattas. The two crews have also found it difficult to find suitable opposition. Two weeks ago, Cambridge raced and beat a strong Imperial College/Queen's Tower combination which included seven Henley Grand winners and an Olympic oarsman. Racing from Putney to Chiswick Steps, Cambridge beat Imperial by two lengths in 10mins 45secs, an impressive victory.

However, Robin Williams, Cambridge chief coach, said the reserve crew Goldie had been providing good opposition, and on occasion had even beaten the top boat. This suggests the reserve crew is either very good indeed, or the top boat is not as fast as it should be. Indications favour the former.

Oxford travelled to Holland for a week-long training camp and to race in a regatta on the Amstel river on March 15-16. The team came out of this well, beating the French national squad in three out of four races.

Oxford beat the French by seven seconds over 5,000m - a good performance as the French boat had six Olympic medalists on board and is training for the world championships later this year. The French rowing authorities hope the team will stay together for the 2000 Olympics in Sydney. Earlier this month, Oxford were a convincing winner in the Reading head race.

Mijnders thinks his crew is of international class and close to Olympic standard. "When compared with the Dutch eight, the only limit



Cambridge rowers: favourites to win for the fifth consecutive year, training on the Tideway earlier this week

is experience," he says. He was surprised by the high levels required for the varsity race and used similar training techniques as he would for an Olympic eight. "The philosophy is the same: efficient rowing."

In an unusual move, he has not used weights on the crew since the autumn because he would rather

spend the time on the water. This method of training proved successful for the Dutch. He uses an analogy with swimming to make his point: a good swimmer, no matter how fit, would not make a boat move and a good rower, no matter how fit, would not swim very fast. You must transfer the physical abilities

to good technique. The Cambridge system will be tested to the full this afternoon. It is a system built around Williams with a team of coaches including Harry Mahon, former New Zealand national coach. Mahon sees this last week as a time of fine tuning, getting the rowers to relax. "The mental side is impor-

tant, especially in a close race. These guys have got to learn to handle the pressure," says Mahon.

Williams agrees: "This year will be close and hard fought, the two crews will try to steal advantages. It will be exhausting and a big psychological test." Williams thinks the crews are

as evenly matched as they have ever been.

For both crews, the last week before the race is about mental preparation; trying to worry the opposition and fine tuning. The importance of the last week's training is also enormous. In 1996, Oxford started the last week well but had gone off the boil by race day. In contrast, Cambridge looked sluggish at the start of the week but found another gear and a silky smoothness by Saturday.

In terms of boat race experience, the light blues, mostly British undergraduates, have the edge with three blues from 1996, including Kevin Whyman, last year's cox, Ethan Ayer, president, and James Ball, last year's stroke.

Oxford have no returning blues but do have three internationals: Luka Grabnar (Croatia), Roberto Blanda (Italy) and Tim Foster (GB). Unusually, Oxford president Ed Bellamy did not make the blue boat this year and rows in 1996. Oxford's reserve crew.

If the race is as close as predicted, the post-race will be crucial. Unlike most side-by-

side races, the boat race is contested on a river with bends, and the Tideway, the tidal stretch of the Thames where the race takes place, is notorious for its quirky water. The ebb and flow of the stream is hard to predict and the line the cox steers not only controls the distance travelled but can affect the rowers' rhythm.

The coxes tread a very fine line to gain the upper hand and unnerve the opposition. In a close race, both crews can hear the comments in the other boat as the cox becomes coach and motivator. When two crews sit next to each other for long periods during a race the mental pressure is enormous, and the cox must keep the crew focused. Whyman's verbal skills won him his place in the Cambridge boat.

Alex Greaney, Oxford cox, steered Isis in 1996. There should be some aggressive coxing in the early heat of the battle and, if the race is close, as the coxes try to steal every advantage for their crew as the rowers tire.

Cambridge field the tallest crew in boat race history, an average of 6ft 6½ins, with Ethan Ayer, at 6ft 8½ins, the tallest ever to row in the race. Oxford are putting out their tallest crew, with an average height of 6ft 4½ins.

The bookmakers have made Cambridge favourites to win, and offer 200-1 for a dead heat.

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

ADELAIDE

EXHIBITION
Art Gallery of South Australia Tel: 61-8-2077000
● Soft but True: John Kaufmann (1864-1942) Art Photographer: exhibition of Kaufmann's work, including early European landscapes, turn-of-the-century scenes of Adelaide and Melbourne and still-life studies. Kaufmann was heavily influenced by the Pictorialists, who developed a soft-focus, impressionistic style, inspired by artists such as Whistler; to Apr 27.

POP-MUSIC
Entertainment Centre Tel: 61-8-130-1246
● Tina Turner: performance by the American rock singer; Mar 31; Apr 1

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Koninklijk Concertgebouworkest: with conductor Nikolaus Harnoncourt, violinist Gidon Kremer and cellist Clemens Hagen perform works by Brahms and Bruckner; Apr 3, 4, 5

ANTWERP

CONCERT
De Vlaamse Opera Tel: 32-3-2336808
● Josef Baert: performance by the baritone accompanied by pianist Roemana Stantcheva. The programme includes works by Liszt; Apr 2

BARCELONA

EXHIBITION
Fundació Joan Miró Tel: 34-3-3291908
● Flying Over Water: The Icarus Adventure: An Exhibition by Peter Greenaway: British film director Peter Greenaway approaches the universal theme of the human desire to fly with a large installation occupying the foundation's entire exhibition space; to May 25

BERLIN

CONCERT
Konzerthaus Berlin Tel: 49-30-203000
● Berliner Sinfonie-Orchester: with conductor Zoltan Pesko and violinist Michael Sailer perform works by Mahler, Mendelssohn, Webern and Debussy; Apr 4

● Wiener Symphoniker: with conductor Georges Prêtre perform works by Mahler, Debussy and Brahms; Apr 3
● Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614383

● Symphonie No 6: by Mahler. Conducted by Vladimir Ashkenazy and performed by the Deutsches Symphonie-Orchester Berlin; Mar 30, 31

● Staatsoper Unter den Linden Tel: 49-30-2654438
● Rüdiger Lüpold and Daniel Barenboim: the pianists perform works by Schubert: Part of the Festtage 1997; Mar 30

EXHIBITION
Berlinerische Galerie - Landesmuseum für Moderne Kunst, Photographie und Architektur Tel: 49-30-254860
● Edward Kienholz: A Retrospective: exhibition tracing the works of Edward and Nancy Raddin Kienholz over the past 40 years. The couple's work embraced aspects of Pop Art and Surrealism, influences apparent in their installation work shown here; to Mar 31

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Macbeth: by Verdi. Conducted by Gerold Navaro, performed by the Deutsche Oper Berlin. Soloists include Volker Horn, Simon Ester, Maria Guleghina and Reinhard Hagen; Apr 3

BONN

OPERA
Oper der Stadt Bonn Tel: 49-228-7261
● Parsifal: by Wagner. Conducted by Jeffrey Tate, performed by the Orchester der Beethovenhalle Bonn and the Oper der Stadt Bonn. Soloists include Harry Peeters, Stephen Richardson and Franz-Josef Selig; Mar 30; Apr 5

BORDEAUX

CONCERT
Grand Théâtre de Bordeaux Tel: 33-56 48 58 54
● Nathalie Stutzmann and Inger Södergren: the counter-alto and pianist perform works by Schubert and Brahms; Apr 2

BRUSSELS

OPERA
Théâtre Royal de la Monnaie Tel: 32-2-2291200
● Opéra aux Enfers: by Offenbach. Conducted by Patrick Davin, performed by La Monnaie. Soloists include Ian Bostridge, Dale Duesing, Elizabeth Vidal and Sonia Theodoridou; Mar 30, 31; Apr 1, 2, 4, 5

BUDAPEST

EXHIBITION
Hungarian National Gallery Tel: 36-1-17575333
● Magnificat anima mea dominum: display of fine art from the late Gothic period, with the restored panel painting 'The Visitation', dated 1508 and signed by Master M.S., a particular highlight; to May 25

CANBERRA

EXHIBITION



'The Graham Children' 1742 by William Hogarth at the Tate in London

National Gallery of Australia Tel: 61-6-240-6411

● The Europeans: Emigré Artists in Australia 1930-1960: display of more than 200 works, covering a wide range of media by artists who emigrated to Australia over a 30-year period from the 1930s to the 1960s. Paintings, drawings, photographs and prints, sculpture, ceramics, fashion, jewellery, furniture and architectural drawings are all featured, representing a number of European art movements, including Russian Constructivism, Bauhaus, Wiener Werkstatt and de Stijl; to Jun 9

CARDIFF

POP MUSIC
St David's Hall Tel: 44-1222-878444
● Art Garfunkel: performance by the American rock singer; Apr 4

CHICAGO

EXHIBITION
Art Institute of Chicago Tel: 1-312-4433600
● Ivan Albright: retrospective of work by the American artist, featuring 120 pieces, primarily paintings and including 20 self-portraits. Albright's paintings are renowned for their detail, often the artist would only complete one square inch of work a day and some of his work took 20 years to complete; to May 11

CINCINNATI

CONCERT
Cincinnati Music Hall Tel: 1-513-621-1919
● Cincinnati Symphony Orchestra: with conductor Elihu Inbal and pianist Peter Jablonski perform works by Stravinsky, Rachmaninov and Tchaikovsky; Apr 4, 5

COLOGNE

EXHIBITION
Schnütgen Museum Tel: 49-211-212310
● Beys und des Mittelalters: exhibition examining the influence of the Middle Ages in the work of artist Joseph Beuys. Common characteristics with work from the period include usage of colour as symbolism; to Apr 27

COPENHAGEN

THEATRE
Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69
● Don Giovanni: by Mozart. Conducted by Andrew Greenwood, performed by the Danish National Opera. Soloists include Per Hoyer, John Laursen and Gitte-Maria Sjøberg; Apr 1, 4

DETROIT

EXHIBITION
The Detroit Institute of Arts Tel: 1-313-833-7963
● Images in Ivory: Precious Objects of the Gothic Age: this exhibition features about 100 surviving examples of ivory carving. Offering a rare view of private life during the Gothic period (13th through 15th-century Europe), the exhibition includes mirrors, combs, and boxes decorated with themes from romance literature, as well as statuettes and relief carvings displaying Biblical themes. The works on display come from the Musée du Louvre, the British Museum, the Metropolitan Museum of Art and other collections; to May 11

DUBLIN

CONCERT
National Concert Hall Tel: 353-1-6711888
● Rachel Quinn: the pianist performs works by Schumann, Beethoven, Busoni and Liszt; Apr 3

DUSSELDORF

EXHIBITION

Kunstmuseum im Ehrenhof Tel: 49-211-8992480
● New Design in Glass: exhibition of 150 glass objects showing the influence of 1980s American design on the work of the 1980s; to Apr 6

FRANKFURT

EXHIBITION
Schirn Kunsthalle Tel: 49-69-2998820
● Sammlung Aargauer Kunsthaus Aarau: display of 184 works by Swiss artists, from the time of the Enlightenment to the present day. Artists represented include Böcklin, Füssli, Klee, and Vallotton; to Jun 1

HELSINKI

EXHIBITION
Amos Anderson Art Museum Tel: 358-9-640221
● Börje Söderholm: photographic exhibition featuring Söderholm's portraits of women from the 1950s to the 1970s. The photographer specialises in fashion work, experimenting with double exposures and montage; from Apr 4 to May 11

OPERA
Opera House Tel: 358-9-403021
● Don Giovanni: by Mozart. Conducted by Petri Sakari, performed by the Finnish National Opera. Soloists include Hakola, Niemelä and Viivahainen; Mar 31

LISBON

CONCERT
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131
● Orquestra Gulbenkian: with conductor Muhai Tang and cellist Mischa Malsky perform works by Bruch, Schumann and Berlioz; Apr 4

DANCE
Royal Opera House - Covent Garden Tel: 44-171-2129234
● La Bayadère: choreographed by Natalia Makarova after Petipa, to music by Minkus performed by the Royal Ballet. Soloists include Doree Bussell and Igor Zeleny; Mar 31; Apr 4

EXHIBITION
British Museum Tel: 44-171-6361555
● Jacques Bellange: Mannerist Printmaker: the first British exhibition to be devoted to the work of Bellange, one of the most inventive artists of the 17th century. Bellange was court painter to the Dukes of Lorraine, commissioned to make decorative paintings for the Ducal palace; to Apr 20
Tate Gallery Tel: 44-171-8878000
● Hogarth the Painter: display celebrating the birth in 1697 of William Hogarth, highlighting his achievements as the leading painter of his age. The Tate's collection of work by the artist is shown in its entirety, alongside loaned works from public and private collections; to May 11
The Hayward Gallery Tel: 44-171-9604242
● Material Culture: The Object in British Art of the 1980s and 90s: exhibition bringing together three-dimensional works made during the last 20 years. Among nearly 40 artists represented are Tony Cragg, Douglas Gordon, Damien Hirst, Sarah Lucas and Rachel Whiteread; from Apr 3 to May 18

THEATRE
Cottesloe Theatre Tel: 44-171-9282252
● The Cripple of Inishmaan: by McDonagh. Directed by Nicholas

Hytner and starring Ruaidhri Conroy, Doreen Hepburn and Gary Lydon; Apr 3, 4, 5

LOS ANGELES

EXHIBITION
Los Angeles County Museum of Art Tel: 1-213-857-6000
● Converging Cultures: Art and Identity in Spanish America: featuring more than 250 objects, this exhibition focuses on the rich and fascinating period of history between the Spanish arrival in the Americas and the independence movements of the 19th century. Rather than concentrating on the commonly held notion of Spanish versus Indians, the exhibition highlights the ways in which these two distinct populations influenced one another and how they gained creatively from this interaction; from Mar 30 to Jun 8

MADRID

CONCERT
Auditorio Nacional de Música Tel: 34-1-3370100
● Orquesta Nacional de España: with conductor José Colado and pianist Grigory Sokolov perform works by Coria, Rachmaninov and Mendelssohn; Apr 4, 5, 6

MILAN

OPERA
Teatro alla Scala di Milano Tel: 39-2-88791
● Siegfried: by Wagner. Conducted by Riccardo Muti, performed by the Orchestra e Coro del Teatro alla Scala. Soloists include Jane Eaglen, Mette Eising, Eva Lind and Siegfried Jerusalem; Apr 1, 4

MONTE CARLO

FESTIVAL
Salle Garnier Tel: 39-93 15 83 03
● Printemps des Arts de Monte-Carlo: this year's festival includes performances by the Nederlands Dans Theater 1, Les Arts Florissants, the London Philharmonic Orchestra and the Freiburger Barockorchester with guest soloist Barbara Bonney; from Apr 1 to May 31

MUNICH

CONCERT
Prinzregententheater Tel: 49-89-4706270
● Symphonie-Orchester des Bayerischen Rundfunks: with conductor Lorin Maazel, violinists Julia Fischer and Lorin Maazel and soprano Angela Maria Blasi perform works by Bach, Saint-Saëns and Rimsky-Korsakoff; Mar 31

OPERA
Cuvillés-Theater - Altes Residenztheater Tel: 49-89-296636
● Don Giovanni: by Mozart. Conducted by Noel Davies and performed by the Bayerische Staatsoper. Soloists include Luba Orgonasova, Nancy Gustafson and Alison Hagley; Apr 3
● Sers: by Handel. Conducted by Ivor Bolton and performed by the Bayerische Staatsoper. Soloists include Ann Murray, Patricia Bardon and Yvonne Kenny; Apr 5

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-875-5030
● Academy of Ancient Music: with conductor Christopher Hogwood, soprano Emma Kirkby and violinist Andrew Manze, the Academy of Ancient Music performs works by Händel, and Bach; Mar 30
● New York Philharmonic: with conductor Kurt Masur, soprano Elizabeth Norberg-Schultz, mezzo-sopranos Nancy Mauitsby and Mary Ann McCormick and the Westminster Symphonic Choir performs works by Debussy; Apr 3, 4, 5

Carnegie Hall Tel: 1-212-247-7800
● Ein Deutsches Requiem: by Brahms. Conducted by Robert Shaw, performed by the Orchestra of St Luke's and the Atlanta Symphony Orchestra Chorus. Soloists include soprano Dawn Upshaw and baritone Nathan Gunn; Apr 3

EXHIBITION
Cooper-Hewitt National Design Museum Tel: 1-212-860-6888
● Disegno: Italian Renaissance Designs for the Decorative Arts: exhibition examining the Renaissance concept of disegno, a term linking the process of design and the actual physical act of drawing. On view are sketches, detail studies, alternative designs, presentation drawings and finished objects by Romano, Bandinelli, da Modena and Gentile; to May 18
Museum of the City of New York Tel: 1-212-534-1672

● We Dig New York: The Professional Archaeologists of New York City: a display of maps, photographs and diagrams selected from a variety of excavations in New York City, highlighting attempts to protect the city's archaeological resources; from Apr 2 to Sep 14
The Metropolitan Museum of Art Tel: 1-212-879-5500
● The Four Seasons: exhibition of more than 80 costumes reflecting the influence on fashion of changes in climate, social life, recreation and the habit of dressing. The display spans three centuries and includes a Latvian white elderdown jacket from the 1860s and a Claire McCardell playsuit from the 1940s; from Apr 8 to Aug 17

JAZZ & BLUES
Blue Note Tel: 1-212-475-8592
● Chick Corea: performance by the jazz pianist; Mar 31; Apr 1, 2

PARIS

CONCERT
Salle Gaveau Tel: 33-1 49 53 05 07
● Massimo Palombino: the pianist accompanied by the Quartet De La Scala performs works by Haydn, Dvorák, Boccherini and Trast; Apr 1

OPERA
Théâtre National de l'Opéra - Opéra Garnier Tel: 33-1 42 66 50 22
● Giulio Cesare: by Handel. Conducted by Ivor Bolton, performed by the Orchestre et Choeurs de l'Opéra National de Paris. Soloists include Susanne Mentzer, Kathleen Kuhlmann, Lorraine Hunt and Ruth Ann Swenson; Apr 1, 3

ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064
● Orchestra dell'Accademia di Santa Cecilia: with conductor Wolfgang Sawallisch and pianist Yefim Bronfman perform works by Bartók and Schubert; Apr 5, 6, 7, 8

EXHIBITION
Galleria Nazionale d'Arte Moderna Tel: 39-6-322 981
● Ferruccio Ferrazzi: display of 10 paintings and 60 drawings by the Roman artist influenced by Futurism and the Roman School; from Apr 11 to Jun 15

OPERA
Teatro dell'Opera di Roma Tel: 39-6-481601
● Maria Stuart: by Donizetti. Conducted by Daniele Callegari, performed by the Opera di Roma. Soloists include Tiziana Fabbri, Gloria Scalchi, Jeffrey Francis, Roberto Servile and Giorgio Giuseppini; Apr 5

SAN FRANCISCO
CONCERT
Louise M. Davies Symphony Hall Tel:

1-415-864-6000
● San Francisco Symphony: with conductor Michael Tilson Thomas and baritone Dmitri Hvorostovsky perform works by Takemitsu, Mussorgsky and Tchaikovsky; Apr 2, 3, 4, 5

STRASBOURG

THEATRE
Théâtre Municipal de Strasbourg - Opéra du Rhin Tel: 33-388 75 48 00
● La maladie de la mort: by Duras. Directed by Robert Wilson and performed by Théâtre National de Strasbourg and l'Opéra du Rhin. The cast includes Lucinda Childs and Michel Piccoli; from Apr 4 to Apr 12

STUTTGART

EXHIBITION
Staatgalerie Stuttgart Tel: 49-711-2124050
● Magie der Zahl - Zahlenspiel und Arithmetik in der Kunst des 20. Jahrhunderts: exhibition focusing on the use of numbers, arithmetic and statistics in 20th-century art. Artists represented include Johns, Warhol, Twombly, Kounellis, Merz, Braque, Dali, Duchamp, Lissitzky, Malevich, Magritte, Miró, Moholy-Nagy, Schwitters and Severini; to May 19

THE HAGUE

CONCERT
Dr Anton Philipszaal Tel: 31-70-3607927
● Residentie Orkest: with conductor Manfred Honeck and pianist Stephen Kovacevich perform works by Brahms. The opening concert of the Brahms Festival '97; from Apr 3 to May 30

EXHIBITION
Mauritshuis Tel: 31-70-3023458
● Kunst op Vleugels: exhibition of Flemish, German and Dutch triptych works, including a piece by Dutch painter Gerard David ('Drieluik met de geboorte van Christus'), the three paintings that constitute the triptych being reunited for the first time since the 1930s; to Jun 22

THESSALONIKI

EXHIBITION
Thessaloniki Cultural Capital '97 Tel: 30-51-867860-6
● Hans Arp and Sophie Tauber-Arp: large-scale retrospective of work by the husband-and-wife team who played a leading role in some of the most important European avant-garde movements of this century, including Surrealism, Dada and Expressionism. The display covers all aspects of their long career and features paintings, sculpture and drawings. The exhibition takes place at the Old Archaeological Museum; from Apr 2 to May 4

TOKYO

CONCERT
Suntory Hall Tel: 81-3-35849999
● Bridgestone Symphonic Band Memorial Concert: with conductor Shozo Ono and guest conductor Ikuma Dan perform works by Borodin, Respighi and Dan; Apr 3

VIENNA

CONCERT
Wiener Staatsoper Tel: 43-1-514442960
● Der Rosenkavalier: by Strauss. Conducted by Halász and performed by the Wiener Staatsoper. Soloists include Hawiata, Weber and Wildhaber; Apr 1

EXHIBITION
Kunsthistorisches Museum Tel: 43-1-52524
● Vittoria Colonna - Michelangelo's Muse: exhibition tracing the life and times of the Renaissance poet Colonna who included in her circle the poets Castiglione and Giovio, theologians Contarini and Flaminio and the artists Bronzino and Moroni. Michelangelo was another famous admirer, dedicating a number of drawings, sonnets and letters to her and there are a number of these works on display; to May 25

WASHINGTON

EXHIBITION
National Gallery of Art Tel: 1-202-7374215
● Picasso: The Early Years, 1892-1906: exhibition revealing Picasso's achievements prior to the advent of Cubism. Beginning with Picasso's formative years, this selection of about 125 objects traces the artist's close contact with Catalan modernism in turn-of-the-century Barcelona and his subsequent emergence in Paris. With a close examination of Picasso's Blue and Rose periods, the exhibition culminates with his monumental figure pictures of 1906, which were influenced by ancient Iberian sculpture. In addition to paintings, drawings and pastels, the display also includes sculpture, prints and smaller works such as the artist's caricatures; from Mar 30 to Jul 27

ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434
● Tonhalle-Orchester: with conductor David Zinman and pianist Radu Lupu perform works by Brahms, Beethoven and Schubert; Apr 3, 4

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The Chess, Bridge and Crossword have moved to Weekend II

Weekend Investor

Wall Street

Rate rise hardly causes a ripple

Greenspan has been crying wolf again, writes Richard Waters

It is a sense of history, suggested J.K. Galbraith, that divides good economics from bad. The same could be said of investing. To all appearances, the US financial markets are entering another phase, one which is highly reminiscent of 1994.

Interest rates are on the rise and the stock market, after a robust rally, has started to falter.

The challenge for students of investment history will be to decide whether the outcome is also likely to be much the same: a time of uncertainty, followed by another golden period for the US economy and stock market.

Clearly Alan Greenspan, the Federal Reserve chairman, has learned from the recent past. Back in 1994, when he engineered the first in a series of US interest rate increases to head off the threat of rising inflation, a shock wave ran through the financial markets.

Long-term interest rates soared: the yield on 30-year Treasury bonds jumped from below 6 per cent to over 8 per cent. That made stocks relatively less attractive as an investment, and share prices marked time as rates were ratcheted up (see chart).

This time around, two things have been different. One is that Greenspan's hints and warnings have been so frequent and heavy of late that last Tuesday's interest rate increase passed with barely a murmur from the markets.

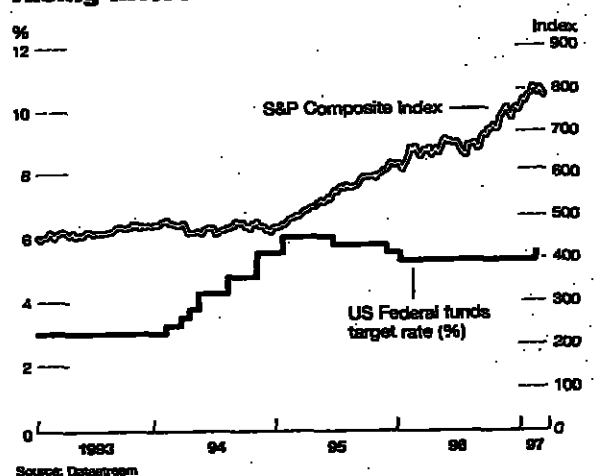
Bond and equity prices have already had a chance to adjust to an environment where rates are on the way up. Long-term bond yields were back above 7 per cent by the end of this week.

Also, the share prices of many high-tech companies, which had fuelled much of last year's stock market rise, have fallen back by 10 per cent or more.

That counts as a decent correction in its own right, and appears to make the stock market less vulnerable to a sudden downturn.

The second change is that the Fed's action has been taken against a very different monetary and economic backdrop. Short-term interest rates are already relatively high by historic stan-

Rising interest rates hurt stocks



dards: real (post-inflation) interest rates are well over 3 per cent, while back in the early 1990s the real cost of money had been held at a minimal level to help put the country's financial system back on its feet.

That means there will be less need for rates to be hiked as far and as fast as in 1994 - unless, that is, inflation takes off, forcing a far more savage assault from the Fed than Wall Street currently expects. Also unlike 1994, there have been no signs of incipient inflation: by his own admission Greenspan is acting pre-emptively, a fact that also reduces the danger of aggressive interest rate increases ahead.

What does all of this mean for share prices? In the short term at least, while investors wait to see if there are further rate increases in the pipeline, the stock market could well mark time.

The general expectation is for just one more, small increase before the summer - the sort of fine-tuning that could keep the dragon of inflation at bay without crushing consumer confidence, in turn setting the stage for an extension of the US's long economic expansion.

Many on Wall Street are already projecting that the bull market will last until at least the end of the century. Sounds like wishful thinking? After the US's remarkable economic success of the 1990s so far, it may not be. And after all, 1994's monetary tightening laid the foundation for a powerful stock market rally.

There is another difference this time around, though, which should temper this view.

The surge in profits at US companies cannot continue for ever: much of the growth, after all, was based on one-off factors like lower tax rates and cheaper borrowing costs.

Also, while many company bosses say they can keep lifting their profits indefinitely by slashing costs, it seems likely that the easiest gains have already been made. And, to judge by the social and political backlash against corporate downsizing, sackings workers may be going out of fashion.

The Federal Reserve is not generally in the habit of dishing out investment advice. Earlier this month, though, Mr Greenspan offered the view that US shares looked reasonably priced - provided companies could meet Wall Street's optimistic expectations that their earnings would continue to grow strongly.

That is about to be put to the test. Within a month, most US companies will have reported their profits for the first three months of the year.

Back in 1994, corporate profits were surging ahead. But then history, to paraphrase Henry Ford, is very often bunk.

Dow Jones Ind Average

Monday	6905.25 +100.45
Tuesday	6878.17 -29.08
Wednesday	6880.70 +4.53
Thursday	6740.59 -140.11
Friday	market closed

London

Trickier hurdles on horizon

Ross Tieman keeps his eye on monetary policy

Ruin in the horses, six back in the saddle. The London market came over the hurdle of this week's US interest rate rise with aplomb.

But as Alan Greenspan, chairman of the US Federal Reserve, might say, it is too soon to bet the ranch on the outcome - especially since the UK general election is now in sight, opening the prospect of a tricky jump in interest rates and the uncertain going of a Labour economic policy should the party become the government on May 1.

Three times since the start of the year, Greenspan has warned of "irrational exuberance, overheating markets and pre-emptive strikes to head off inflationary pressures". His warnings were taken to heart by markets around the world.

In the run-up to Tuesday's meeting of the Fed's open market committee, the FTSE

100 index declined in six successive trading sessions. The cumulative fall, after a further 40-point decline on Monday, was 208.5 points, or 4.7 per cent.

But the FTSE 100 added 53.9 points, to 4,270.7, during London trading on Tuesday - even before the Fed's widely-expected decision to raise the federal funds rate 0.25 per cent, to 5.5 per cent, became public. It was following Monday's lead by Wall Street, which became so confident of the outcome of the Fed meeting that it added 100 points.

The upswing in London was maintained through the rest of the week, with a 30.8 per cent rise in the FTSE 100 on Wednesday followed by an 11.4 point increase on Thursday, to 4,312.9, up 88.1 points on the week.

Greenspan regards the rise in US interest rates as an insurance policy against inflation. Economic growth in the US has been strong

and he is concerned that labour shortages will accelerate increases in earnings, with inflationary consequences.

The same concerns are well entrenched in the UK where Eddie George, governor of the Bank of England, has been lobbying for a base rate rise for months. At a recent lunch with directors of some of the UK's leading companies, he is reported to have indicated that his strategy, too, was partly precautionary.

On both sides of the Atlantic, the monetary authorities seem to believe that a small step, taken early, can avoid a series of upward lurches later on. But there the similarity ends.

Most UK equity market strategists seem convinced that the UK is comfortably behind the US in the economic cycle - and comfortably ahead of events in continental Europe. With the Greenspan effect out of



As Alan Greenspan might say: 'Don't bet the ranch just yet'

the way, domestic factors will take precedence, they say.

Whatever the outcome of the election, a rise in UK base rates is on the cards. It is the scale of that increase which is debated. But the UK authorities have a particular problem in this regard.

During the second quarter, from April to June 30, billions of pounds will pour into the pockets of British consumers as building societies and other mutuals become limited companies. Invested cash used to trigger windfalls will be looking for higher returns elsewhere.

The likely consequence is a short-run surge in consumer spending, and a flutter in the money supply figures, the strategists say. Deciding the appropriate level of interest rates amid such statistical "chatter" will not be easy.

If Labour's Gordon Brown has become chancellor by then - the election is on May 1 - he might well try to prove his anti-inflationary credentials by authorising a particularly stern increase. He might also take a good deal of money from the economy in increased taxes - a move regarded by many economic commentators as more desirable than higher interest rates.

Changes in interest rates can have a striking impact on the market over the short and medium term, as recent events have shown. But, as the chart shows, the long-term trend in the FT

All-Share index has been remarkably consistent.

Many strategists believe market fundamentals remain sound. Few UK companies seem as close to capacity as their US counterparts and most have scope for further growth in earnings.

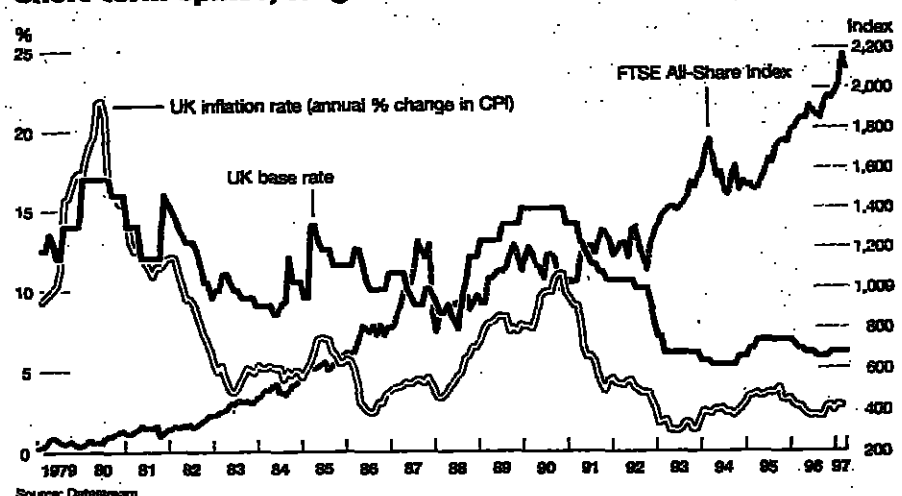
Mark Tinker, of UBS, says the prospective price/earnings ratio of the market, at around 14.5, is "highish, but not stretched". But if the relationship between bond yields and p/e is expressed as an earnings-yield ratio, the present level of 111 is at the bottom end of the historic range of 95 to 140, Tinker says. He adds: "I think the UK is probably the most attractive market in Europe."

During the company reporting season, now drawing to a close, two features have stood out. Overall, growth in UK company earnings has been strong. But a large number of exporters, or companies with extensive activities overseas, have warned of profits below expectations because of the strength of sterling.

We are now at a stage in the cycle where greater differentiation is emerging between the performance of companies. External factors, especially political, cannot be ignored.

Many brokers, UBS and BZW among them, are forecasting that the Footsie index will end the year at 4,300 - within a stone's throw of its present level. So, if you want to play the market, don't bet the ranch - as Greenspan would say.

Short-term spikes, long-term trends



Highlights of the week

	Price	Change	52 week	52 week
	Thurs	on week	High	Low
FTSE 100 Index	4312.9	+54.8	4444.3	3612.6
Asac Brit Foods	548	+36%	559%	365
BAT Inds	518%	+29%	572	411
Biocompatibles	1212%	+60	1375	358%
Centrica	63%	+6%	77%	55
Energy Group	509	+42%	570%	463%
Lloyds TSB	489%	+23	534	300%
Next	623%	+24%	637%	451
Pittington	120	-15%	220	120
Rentokil Initial	418%	+19%	462%	330
SIG	319%	+29%	319%	196
Scotts Higgs	487%	+50	508	362%
Sun Life & Prov	285	+16%	304%	207%
Symonds	44%	-15%	82	38%
World of Leather	120%	+43	121%	52

Tony Jackson

The dividends dilemma

Election or no election, the issue won't go away



As UK markets brace themselves for a likely Labour government in five weeks' time, one of the imponderables is the outlook for dividends. Labour still seems genuinely to believe that the UK economy is hampered by so-called short-termism; that greedy City institutions, in their clamour for dividends, are preventing companies from investing in the real economy.

While no immediate moves are in prospect, one obvious step suggests itself: the further reduction or eventual abolition of advance corporation tax (ACT). Besides raising revenue, that would have the supposedly virtuous effect of making dividends less attractive to the pension funds in relation to capital gains.

This would have a knock-on effect on the whole corporate sector. Let us say the actuaries to the average fund assume a long-term real return of 4 per cent. If ACT were abolished, that might drop to 3.5 per cent. The resulting fall of one-eighth in investment returns would have to be made good through company contributions.

Let us, however, step back to consider the short-termism case itself. For some years, dividends in the UK have shown a persistent tendency to rise faster than corporate earnings. Over time, this has had a dramatic effect. In 1985, companies were paying out half their earnings in dividends. By last year, the figure was around two-thirds. That takes no account of special dividends, which totalled \$4bn

last year alone. More to the point, dividends have also risen much faster than investment. In 1985, UK non-financial corporations spent around 3.5 times as much on capital investment as they did on dividend payments. Now, the two figures are nearly the same, at roughly \$50bn a year. Indeed, recently, some dividend payments have been larger.

In one sense, the comparison

High pay-outs and low investment are a symptom of malaise. They are also unsustainable in the long run

could be said to be misleading. A growing proportion of corporate investment goes on software, which might transform productivity but is not classed by government statisticians as capital investment.

It helps here to draw comparison with the US, which leads the world in its use of software and information technology generally. In 1985, US non-financial corporations also spent 3.5 times as much on capital investment as they did on dividends. The figure now is around 2.5 times. Doubtless, this partly reflects the classification effect. More to the point, the US remains much more biased towards investment than Britain. The US comparison can be extended. In 1985, US companies, like those in the UK, were paying out half their earnings in dividends. The figure has fallen to around 40 per cent now. At the same time, the yield on the

two markets has diverged. Ten years ago, both yielded just over 3 per cent. The UK yield on non-financials is 3.8 per cent now but has plummeted to 1.8 per cent in the US.

This brings us to the heart of the matter. The real question is whether UK corporations pay high dividends because they are forced to by the institutions, or because they have run out of good investment opportunities.

Talk to both main parties on this and you will find a certain lack of clarity. The institutions are not about to admit they are greedy, any more than companies will concede they have run out of ideas. Both agree, though, that it is a matter of horses for courses. Companies perceived as yield stocks have to fork out, perceived growth stocks do not. Perhaps the agreement extends further. The pay-out ratio and the market yield may logically be distinct, but they seem to be conveying the same message.

Suppose UK companies sustain a high average pay-out because they do indeed think shareholders can achieve a better return than they can themselves. Suppose, too, that investors agree with that diagnosis, and the low growth prospects which it implies. They will, therefore, put a correspondingly cautious

valuation on that income stream - hence the high market yield. There is supporting evidence in the high level of corporate liquidity. As NatWest Securities argues, companies today arguably could afford both dividends and capital investment if they wanted. Because they are not disposed to the latter, they are spending their surpluses on special dividends and share buy-backs instead. All this, of course, is in rather grim contrast to the US market. There, too, the signals are consistent. US companies think they can do better with their cash than shareholders; hence the falling pay-out ratio. Investors agree, hence the falling yield.

In the UK, government action to tilt the balance, if taken in isolation, could make a worrying situation worse. Building factories for their own sake makes no more sense for the economy at large than it does for individual companies.

If Labour does get in, its Treasury team would be advised to dust off the Wilson Committee report of 1974. Then, companies were quizzed on whether City short-termism stopped them investing. Not in the least, they said. The problem was economic uncertainty and a shortage of good opportunities.

That message holds good for Labour today. But it also holds good for the market. High pay-outs and low investment are a symptom of malaise. They are also unsustainable in the long run. Election or no election, the dividend issue will not go away.

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Offshore managed funds and UK managed funds are listed in Section One

FT WEEKEND

True Fiction

Unseemly business in the Vatican

Kieran Cooke's luncheon is disturbed by unwelcome interest in the future pontiff's election

The Vatican notepaper was heavy to the touch. It had a slight whiff of incense and a hint of Roman spring about it. Cardinal C, as always, was charmingly diplomatic.

Could I possibly spare some of my valuable time to come to Rome? There was a need to discuss a matter of some considerable delicacy (*un soggetto estremamente delicato*).

The suggestion was for a modest luncheon (*un pranzo semplice*), to be followed by a confidential chat (*una conversazione fra di noi*).

The offer of a meal in the Vatican dining hall is not to be taken lightly. The food is simple but superb. The memory of the risotto with artichokes I had there during Vatican II more than 30 years ago still tickles my taste buds. The spaghetti *al pomodoro* is delivered straight from the kitchens of heaven. The wine, modestly dispensed, is blessed with infallibility.

Last week the usual group assembled, a rather motley crew of so-called Vaticanologists, called upon from time to time to offer opinions and advice to the Roman hierarchy. We each have our specialisations.

Eugene, from the US and always dressed in the same unfortunate rainbow-coloured golfing apparel, is an expert on papal history, given to interminable soliloquies on the importance of the 461 council of Chalcedon. Freda, from Heidelberg, is a demographer who can reel off the latest figures on the number of RCs anywhere in the world, from Walsall to Wagga Wagga.

Charles, from Harare, is a

synod freak, having slept his way through every gathering since 1947. Maya, from Brazil, who is said to have once danced topless in the carnival, is an arch conservative who writes pamphlets denouncing the liberation theologians.

I pride myself on a certain knowledge of the Church outside the mainstream. I have eaten fiery chillies with the Catholics of eastern Indonesia, drunk tea with bishops in Shanghai and Hanoi and once chaired a discussion among the faithful at a kibbutz in the Negev.

A light pea soup and plates of ricotta and spinach had been rapidly dispatched. As we moved on

to the lemon tart, Cardinal C gave a clerical harumph and called the meeting to order.

"It has come to the attention of several senior figures in the hierarchy [here the cardinal raised his eyes to the frescoed ceiling] that a rather unseemly business of placing bets on the election of a future pontiff is going on. It is a well-organised business, master-minded, it is believed, by someone with considerable knowledge of the inner workings of the Vatican."

There were inquisitive glances round the table. Eugene energetically stirred his espresso. Maya was consumed by a giggling fit. Meanwhile, I searched under the

chair for my serviette. Only Freda, busy counting the granules in the sugar bowl, seemed unmoved.

"The camerlengo is angry," said Cardinal C. This, to those in the know in the Vatican, is the equivalent of an air hostess announcing the pilot has vertigo. The camerlengo, or chamberlain of the papal household, is a powerful figure with a direct line to the head man.

"The other day the camerlengo himself was walking through the square when a shady-looking character approached and offered him 20-1 on Basil Hume being the next pope," said the cardinal. "You are throwing your money

away backing Hume," I said. "We all know it's going to be an Italian next time around, though a Latin American might be a good outside bet."

This was clearly the wrong thing to say. I could have been excommunicated on the spot if the meeting had not been interrupted by a brace of cardinals looking to make up a tennis foursome.

(On a memorable occasion in 1982 the door opened and in came the man himself. At the time I had my mouth full of pan-fried calf's liver - *fegato di vitello con cavolo nero* - and was reduced to nodding idiotically as the Pope chatted away. He had a twinkle

in his eye - as if he was about to ask what I fancied in the 2.30 at Pontefract. Also, one of his shoes had an exceptionally loud squeak.)

Cardinal C's eyes were fixed on me. "You must all do your utmost to stamp out this betting menace and report any such activity when you come across it. It only increases speculation about the Holy Father's health."

The election of a pope was an extremely serious matter, said the cardinal. It could not be treated like a horse race.

We left, threading our way through the gleaming pots and turnups of the papal kitchens. Cardinal C gave a last, searching look. I felt the heavy hand of the law on me.

At the top of the steps Freda was in animated discussion with one of the red-plumed guards. "What was all that about?" I asked.

"He wants to know if you will take \$57100 on an African getting it next time around."

Metropolis

Stitching up old Peking - new city of 1,000 cuts

Tony Walker wonders why a rich past is being desecrated in favour of grey, stolid architecture

"The true magic of Peking, the city as monument to the past, is lost to us forever. Yet it is in this loss that one can perhaps find some reason for the callous disregard with which the citizens of the city witnessed the glories of the capital pass away."

The sinologist Geremie Barme is not the first, nor will he be the last, to lament the death of a great city by a "thousand cuts". The Chinese are beginning to speak out, more in sorrow than in anger, at the continued desecration of a city which, until the 1950s, had remained remarkably intact through more than five richly textured centuries since its establishment under the Ming dynasty in 1421.

In *Search of Old Peking* by L.C. Arlington and William Lewisohn, written in the 1930s, described a city rooted in antiquity. "The magic of Peking, the world-wide fame and charm of this city of enchantment, spring from an enduring source," they wrote. "For nearly three centuries it was the capital of a mighty empire... on its embellishment they [the Ming emperors] lavished continual care and attention and expended vast sums of money."

And yet by the early 1950s, Mao Zedong and his peasant revolutionaries would begin to refashion an ancient walled city of grace and charm into the image of New China - grey, stolid and totalitarian. Although the decades of reform since China opened up to the west in the late 1970s have inspired new architectural confessions of reflector glass and white lavatory tiles, they are hardly likely to represent a high point of Chinese civilisation.

Nothing symbolised more the

decision to cast aside the past than the demolition of the city wall and its 16 gates which defined the ancient capital. Along with this despoliation came the construction of what were known as the 10 "great monuments" to the new Maoist state, including the Great Hall of the People, and the creation of vast, featureless Tiananmen Square in place of a smaller, walled expanse.

The wall's removal put paid to any hope that old Peking would be preserved for posterity, and virtually ensured the city would become what it is today - a sprawling third world metropolis encircled by ring-roads, overpasses and high-rise workers' dormitories.

Liang Congjie, son of architect Liang Suicheng, recalls his father's opposition to the removal of the wall. In fact, Liang Suicheng had proposed a new capital be built to the west, leaving old Peking intact behind the existing walls. "In my father's view, the city wall was the main symbol of Peking. He was very brave in his opposition to the removal of the wall, accusing those responsible of committing a crime. What he didn't realise was that it was Mao who wanted the wall removed."

"In this," adds Liang, "Mao was a very contradictory character. He liked old things, old books, old paintings. Yet he hated the old city wall, while insisting on living in a traditional walled courtyard house."

Liang Suicheng, the outstanding architect of his generation, was persecuted during the Cultural Revolution (1966-1976) for his attachment to "feudal" or old ideas. Interestingly, the official press is beginning to question the decisions taken in the 1950s to remake Peking. In a recent commentary, *China Daily* praised calls by the city govern-



Cultural collision: Images are being refashioned and bad taste is taking the place of tradition

ment to rebuild sections of the wall, but gently chided those responsible for its demolition.

"The then policy-makers thought they made a correct decision. They acted with good intentions: the city had to expand, and the roads widen. But were there opposing voices at that time? Did decision-makers listen carefully to those with different views?" says Liang.

The head of Friends of Nature, a conservation group, Liang says the city's destruction continues

to this day and, if anything, is accelerating with the boom in construction of new office and apartment buildings. "Things are getting worse and worse," he says. "The authorities have lost control. You can see it's real chaos as far as the style of architecture is concerned."

Residents pour particular scorn on a new railway station in the city's west, an enormous structure of indeterminate architectural style and exceedingly poor quality construction; on the

Women's Federation building on the city's main boulevard, an extraordinary concoction of white tiles and green-tinted windows; and on the practice of local architects to add a green oriental-style "cap" or roof to buildings in line with instructions from city planners.

The so-called "green cap" came after criticism that featureless office buildings springing up all over the city did not reflect Chinese characteristics. This gesture has far from mollified the critics,

including Shu Yi, son of Lao She, author of the classics, *Rickshaw Boy* and *The Teahouse*. Shu is incensed by the bulldozing of thousands of *hutongs*, traditional courtyard-style dwellings, which were the setting for his father's writings. "History is being wiped out before our eyes. Soon, there will be nothing left," he says.

Gao Deming, chief auctioneer for Guardian Auction House - China's Sotheby's - is another who laments Peking's changing face. He dates the beginning of

rapid change to 1976, the year of Mao's death, the arrest of the Gang of Four, including Mao's widow, and the end of the Cultural Revolution. It was then that high-rise apartment buildings began to be built. By the early 1980s, with the opening up of China under Deng Xiaoping's policies, the first office tower blocks started appearing on the city's thoroughfares, a process which continues to this day.

Gao uses a Chinese phrase *tian fan di fu* - heaven and earth is being turned upside down, to describe changes overtaking Peking, and not all for the better in his view. "This is a city of mess. It will take at least another 10 years to clean it up."

Gao is especially critical of the tendency towards "gigantism" in the city's architecture with each new generation of rulers. In this latest period, the Beijing West railway station is one example, another is the Oriental Plaza development on the main boulevard, east of Tiananmen Square.

Funded by Hong Kong tycoons, Oriental Plaza has been scaled back from its original grand design because of strong opposition from conservationists like Liang, but even in reduced form it will dwarf other structures

'This is a city of mess. It will take at least another 10 years to clean it up'

nearby, including the Great Hall. The plaza's shopping malls, office towers and residential complexes will span 600,000 sq metres of prime real estate, compared with the Great Hall's 110,000 sq metres.

It will also overshadow other "monuments" such as the Forbidden City, Beihai Park and the Beijing Hotel, which crouches next-door - like a forlorn, somewhat shop-soiled layer-cake. The hotel, which began with the French-designed section completed in 1917, has had three additions over the years, each worse than the last - Russian-inspired in 1954, eastern-bloc in 1974 and Hong Kong in the late 1980s.

"It's already too late to save Beijing's architecture," says Liang. "These days, it's just like a mixed pot of chop suey."

To Geremie Barme there is nothing really surprising about what has happened "... to regard the physical remains of the past with indifference seems to be characteristic of Chinese culture. For it is in a literature replete with allusions and literary references, rather than in the ephemeral works of man, that China immortalised her past."

* From the introduction to the 1987 edition of *In Search of Old Peking*, L.C. Arlington and William Lewisohn, Oxford University Press.

Arcadia

A paradise with socialist tendencies

The Falkland Islands' exclusion zone has brought riches to its government, finds Stephen Fidler

Welcome to the socialist paradise created by Margaret Thatcher, where the state looks after you from cradle to grave, employs most of the workforce, subsidises inefficient industry and has embarked on an unprecedented programme of giant public works projects. Welcome to the Falkland Islands.

This is the land where there is one soldier to defend every civilian (and 350 sheep), with the highest per capita ownership of four-wheel drive vehicles and faxes in the world, where over the last decade fishing licences have brought a windfall of £100,000 for each of the 2,200 population.

Fishing has brought riches to the Falkland Islands, but if the oilmen now exploring in Falkland waters strike paydirt, the islanders could be richer than Croesus. A fairly modest 500m barrel field would yield an annual £500,000 a year over two decades for every islander, assuming an \$18 a barrel oil price. At that rate, the helpers could afford sheikhs as drivers.

It was just over 10 years ago that Britain, under pressure from the islanders, declared an exclu-

sion zone around the islands and allowed the Falklands government to charge licence fees to fishing boats. The islanders now no longer depend on sheep and a weak world wool market for survival. "You may think Stanley is a one-horse town," says director of fisheries John Barton, "but it wasn't for fishing, the horse would have left, too."

The 20th century has come late to the islands. The big sheep farms that were run almost in feudal fashion by absentee landlords in Britain have been broken up since the 10-week occupation of the islands by Argentine soldiers in 1982. Until 1971, when the Argentines opened an air link to Buenos Aires, the islanders' only regular connection with the outside world was the monthly steamer to Montevideo. Television did not arrive until the mid-1980s.

Three international flights a week, one to Chile and two to the UK, have brought the islanders physical mobility but their society also enjoys a social mobility unknown before 1982. A middle class has emerged in the last decade: emigration - which caused the population in the early 1980s to drop to 19th century levels - has been reversed. "It's like BC and AD," says John Birmingham, one of eight councillors responsible for all government policy, apart from foreign affairs and defence, which are Britain's obligation.

But if times are better, there are new questions to confront. One is the continuing drift of people away from the countryside, where the standard of living has fallen well below that in Stanley. The other is the growing dominance of the government in the islands.

Although Baroness Thatcher may not approve, it is not obvious that much can be done about it. Fishing licence revenues accrue to the Falklands government; if oil is found, so will oil royalties and corporate income tax. Distributing those revenues without creating a society of rentiers will not be easy.

Already the islanders enjoy a social safety net that exists elsewhere only in socialist fantasies: full employment, free health and dental care and free education - from the age of 16 to postgraduate level in the UK, all expenses paid. Although it would probably be cheaper to build each farmer a landing strip and give him a Twin Otter, the government has started a big road building programme that aims to link settlements with more than a few inhabitants over a territory two thirds the size of Wales. The pub-

lic works department even acts as the islands' undertaker.

"We are almost as dominated by the state as a Marxist government would be. It's unhealthy," says David Lang, the attorney-general.

Already the government is coming under pressure to spend some of the financial reserves it has built up - £130m. At a meeting this month between government officers and members of local chambers of commerce, business people were pressing the government for more direct financial help. When the officers replied that they could not favour a few business people over the interests of the rest of the community, they were accused of being "against wealth creation". Such pressures will only increase if oil is found.

However, a creative solution is at hand, courtesy of Her Majes-

ty's government. In a nutshell, the suggestion from London is this: "Give us your oil money and we will save you from yourselves." Unsurprisingly, this route to virtue is not universally popular among the islanders, who have already made a commitment to pay for their own defence costs if oil is found. "We feel we are being hassled," says council member Mike Summers.

Part of the problem is that most Whitehall people, especially those from the Foreign Office and the Treasury, are ranked in the demography of the helpers barely ahead of General Gaidar, who launched the 1982 invasion. (Close behind the two are journalists, who describe them as the Blue Eyed Sheikhs of the south Atlantic.)

They reckon the Foreign Office's readiness to sell them down the river to Argentina in

the period before the war brought on the invasion, and look with cynicism at the Treasury's newfound enthusiasm for a once-forgotten colony.

They want to have a say in where that money goes. Some would like to build and fund a hospital in the UK. Others would like to help the 8,000 islanders of St Helena, a British colony in the south Atlantic, a couple of hundred of whom work in the Falklands.

There is a natural sympathy among the helpers for the Saints, as the people of Saint Helena are called. They have no oil, no port, no airstrip and are still financially dependent on meagre handouts from the seaplanes in Whitehall. The Saints lack the British citizenship that was awarded to the helpers by a euphoric Lady Thatcher after the war, and the economic viability of St Helena is in doubt, just as that of the Falklands was in the 1970s. Whichever it is, but the Falkland Islanders have a lot to thank General Gaidar for.

John 20150

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Company	Price
Heineken	1.12
Guinness	1.12
Carlsberg	1.12
Asahi	1.12
Daewoo	1.12
Hyundai	1.12
Samsung	1.12
SK	1.12
LG	1.12
Daewoo	1.12
Hyundai	1.12
Samsung	1.12
SK	1.12
LG	1.12

CHEMICALS - Cont.

Company	Price
Shell	1.12
BP	1.12
Esso	1.12
Agip	1.12
Eni	1.12
Indesit	1.12
Wharfedale	1.12
Yorkshire	1.12
West Yorkshire	1.12
Leeds	1.12
Sheffield	1.12
Don Valley	1.12
Don Valley	1.12

ENGINEERING - Cont.

Company	Price
Rolls Royce	1.12
BAE	1.12
QinetiQ	1.12
QinetiQ	1.12
QinetiQ	1.12
QinetiQ	1.12
QinetiQ	1.12
QinetiQ	1.12
QinetiQ	1.12
QinetiQ	1.12
QinetiQ	1.12

EXTRACTIVE INDUSTRIES - Cont.

Company	Price
British Petroleum	1.12
Shell	1.12
Esso	1.12
Agip	1.12
Eni	1.12
Indesit	1.12
Wharfedale	1.12
Yorkshire	1.12
West Yorkshire	1.12
Leeds	1.12
Sheffield	1.12
Don Valley	1.12
Don Valley	1.12

INSURANCE - Cont.

Company	Price
Aviva	1.12
Prudential	1.12
Standard Life	1.12
Scottish Widows	1.12
Legal & General	1.12
Aviva	1.12
Prudential	1.12
Standard Life	1.12
Scottish Widows	1.12
Legal & General	1.12

INVESTMENT TRUSTS - Cont.

Company	Price
Investment Trust	1.12
Investment Trust	1.12
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Investment Trust	1.12
Investment Trust	1.12

BANKS, RETAIL

Company	Price
Barclays	1.12
HSBC	1.12
Bank of America	1.12
Wells Fargo	1.12
Citigroup	1.12
JP Morgan Chase	1.12
Bank of America	1.12
Wells Fargo	1.12
Citigroup	1.12
JP Morgan Chase	1.12

DISTRIBUTORS

Company	Price
Walmart	1.12
Target	1.12
Kmart	1.12
Walgreens	1.12
CVS	1.12
Walgreens	1.12
CVS	1.12
Walgreens	1.12
CVS	1.12
Walgreens	1.12

BREWERIES, PUBS & REST

Company	Price
Heineken	1.12
Guinness	1.12
Carlsberg	1.12
Asahi	1.12
Daewoo	1.12
Hyundai	1.12
Samsung	1.12
SK	1.12
LG	1.12
Daewoo	1.12
Hyundai	1.12
Samsung	1.12
SK	1.12
LG	1.12

BUILDING & CONSTRUCTION

Company	Price
Bechtel	1.12
Skanska	1.12
Hyundai	1.12
Samsung	1.12
SK	1.12
LG	1.12
Daewoo	1.12
Hyundai	1.12
Samsung	1.12
SK	1.12
LG	1.12

DIVERSIFIED INDUSTRIALS

Company	Price
General Electric	1.12
Siemens	1.12
ABB	1.12
Alstom	1.12
Siemens	1.12
ABB	1.12
Alstom	1.12
Siemens	1.12
ABB	1.12
Alstom	1.12

ELECTRICITY

Company	Price
British Nuclear Fuels	1.12
Electricity	1.12
Electricity	1.12
Electricity	1.12
Electricity	1.12
Electricity	1.12
Electricity	1.12
Electricity	1.12
Electricity	1.12
Electricity	1.12

ELECTRONIC & ELECTRICAL EQPT

Company	Price
Hitachi	1.12
Siemens	1.12
ABB	1.12
Alstom	1.12
Siemens	1.12
ABB	1.12
Alstom	1.12
Siemens	1.12
ABB	1.12
Alstom	1.12

BUILDING MATS. & MERCHANTS

Company	Price
Woolworths	1.12
Debenhams	1.12
Primark	1.12
Primark	1.12
Primark	1.12
Primark	1.12
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CHEMICALS

Company	Price
Shell	1.12
BP	1.12
Esso	1.12
Agip	1.12
Eni	1.12
Indesit	1.12
Wharfedale	1.12
Yorkshire	1.12
West Yorkshire	1.12
Leeds	1.12
Sheffield	1.12
Don Valley	1.12
Don Valley	1.12

ENGINEERING

Company	Price
Rolls Royce	1.12
BAE	1.12
QinetiQ	1.12
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The Financial Times plans to publish a Survey on

Asian Banking & Finance

on Friday, May 9

An authoritative survey on the financial markets in the world's most dynamic region with publication timed to coincide with the Asian Development Bank meeting in Fukuoka, Japan.

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FT Surveys

ENGINEERING - Cont.

Company	Price
Rolls Royce	1.12
BAE	1.12
QinetiQ	1.12
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ENGINEERING, VEHICLES

Company	Price
Rolls Royce	1.12
BAE	1.12
QinetiQ	1.12
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EXTRACTIVE INDUSTRIES

Company	Price
British Petroleum	1.12
Shell	1.12
Esso	1.12
Agip	1.12
Eni	1.12
Indesit	1.12
Wharfedale	1.12
Yorkshire	1.12
West Yorkshire	1.12
Leeds	1.12
Sheffield	1.12
Don Valley	1.12
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GAS DISTRIBUTION

Company	Price
British Gas	1.12
British Gas	1.12
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HEALTH CARE

Company	Price
Glaxo	1.12
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HOUSEHOLD GOODS

Company	Price
Woolworths	1.12
Debenhams	1.12
Primark	1.12
Primark	1.12
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INSURANCE

Company	Price
Aviva	1.12
Prudential	1.12
Standard Life	1.12
Scottish Widows	1.12
Legal & General	1.12
Aviva	1.12
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Standard Life	1.12
Scottish Widows	1.12
Legal & General	1.12

INV TRUSTS SPLIT CAPITAL

Company	Price
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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Mar 27/US\$)

(4 pm close)

NYSE

NASDAQ

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EUROPE

AMSTERDAM (Mar 27/US\$)

BRUSSELS (Mar 27/US\$)

LONDON (Mar 27/US\$)

PARIS (Mar 27/US\$)

FRANKFURT (Mar 27/US\$)

ZURICH (Mar 27/US\$)

STOCKHOLM (Mar 27/US\$)

COPENHAGEN (Mar 27/US\$)

OSLO (Mar 27/US\$)

HELSINKI (Mar 27/US\$)

TALLINN (Mar 27/US\$)

RIYADH (Mar 27/US\$)

DOHA (Mar 27/US\$)

ABU DHABI (Mar 27/US\$)

MANAMA (Mar 27/US\$)

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VIETNAM (Mar 27/US\$)

LAOS (Mar 27/US\$)

MYANMAR (Mar 27/US\$)

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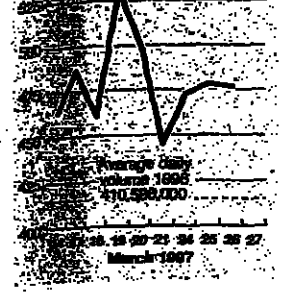
WORLD STOCK MARKETS

Dow tumbles Milan dips 1.6% in lonely response to US as long bond yield rises

AMERICAS

US share prices skidded sharply lower on Thursday as the yield on the benchmark 30-year Treasury rose over the 7 per cent mark for the first time since September 28, writes Lisa Branstetter in New York.

By the close the Dow Jones Industrial Average had fallen 140.11 to 5,740.59, its lowest level since January 28. The Standard & Poor 500 was off 16.63 at 776.88. Volume on the NYSE was heavy at 478m shares. Technology shares were also sharply lower. The Nas-



daq composite dropped 19.57 to 1,249.51 to give up nearly all of Wednesday's 21 point gain, while the Pacific Stock Exchange technology index shed 1.7 per cent.

Strong data on weekly employment and February home starts that suggested the Federal Reserve might have to raise interest rates again in May sparked the decline on the bond market.

Financial service companies were hard hit by the market's sell-off. Of the three financial shares in the Dow, American Express lost 2.1% at \$62.14, J.P. Morgan was 2.2% weaker at \$102.24 and Travelers Group lost 1.1% at \$50.74.

Chase Manhattan Bank shed 3.3% at \$66.14, Citicorp was 2.2% lower at \$110.04 and BankAmerica dropped 3.3% to \$106. Morgan Stanley slid 2.2% at \$60.74 even as it reported quarterly earnings ahead of expectations.

Quaker Oats, the cereal and drinks company, managed to eke out a 1/4% gain at \$37.14 after announcing that it planned to sell Snapple, the drinks company it bought in 1994 for \$1.7bn, to Triarc for \$300m.

Leading Latin American markets were closed.

The Nikkei 225 average fell 20.70 to 18,189.72 after moving between 18,057.71 and 18,233.62.

Volume shrank to an estimated 359m shares from Thursday's 498m. The Topix index of all first-section stocks fell 3.97 to 1,373.71 and the capital-weighted Nikkei 300 was off 1.25 at 2,651.19. Declines led advances 514 to 494, with 211 unchanged.

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EUROPE

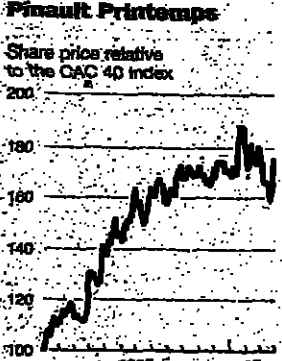
With most European markets closed yesterday for Easter, it was left to MILAN to make a token response to Thursday's sharp overnight fall on Wall Street. This it duly did with a 1.6 per cent fall in the real-time Mibtel index but in very quiet trading on a day when there were few incentives to buy. The index, up 0.4 per cent on Thursday after the cabinet approved the 1997 budget, fell 1.6 per cent to 11,830.

ISTANBUL recouped 2.3 per cent of Thursday's 4.5 per cent tumble which was a response to concerns about strains in the Islamist-led coalition government. The IMKB index finished 34 higher at 1,545 although analysts noted, trading volumes fell as prices rose.

ATHENS jumped 3.4 per cent adding to Thursday's gains as lower interest rates remained the market's driving force. The general index rose 43.39 to 1,838.76.

Bourses which closed early on Monday Thursday

FINANCIAL PRINTER



missed weakness in the dollar, bond markets and in US equities. FRANKFURT, which began where it left off on Wednesday with strength in carmakers and banks, came back from a Dax index high of 3,466.47 to close 31.39 lower on the day at 3,407.88.

Following a similar pattern, the Dax 100 automotive stocks index came back from 1,655.63 to close 9.24 lower at 1,613.43. Daimler led the way down with a fall of DM3.30

or 2.4 per cent to DM132.50, and topped active stocks in DM1.49bn, within a German turnover total of DM16.3bn.

Carmakers and banks still had their tails up over March as a whole, said Mr Eckhard Frahm at Merck Finck in Düsseldorf. BMW led the Dax 30 with an 18.8 per cent gain in floor trading with Volkswagen, up 12.7 per cent, running fifth. Bayernhypo and Bayernverehr, alternating as takeover candidates, put on 16.8 and 11.5 per cent respectively.

Veba led the day's losers, DM4.43 or 4.5 per cent down at DM93.55. The energy and chemicals group, which effectively led the push for shareholder value in Germany, disappointed analysts on Wednesday with indications of a slowdown after some years of dynamic earnings growth.

PARIS came off its highs to close with the CAC 40 index 7.55 higher at 2,656.68. The outstanding winners were Pinault-Printemps, the retailer, which gained FF118 or 5.1 per cent to

FTSE Actuarial Share Indices

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE 100	2186.80	2188.26	2180.38	2190.79	2180.45	2189.51	2188.79	2188.61
FTSE 200	2206.15	2208.04	2210.12	2207.85	2206.15	2207.63	2206.10	2206.06

FFr2,420 on Wednesday's post-bourse, 30 per cent dividend lift and Lagardère, the missiles to publishing conglomerate, which confirmed after hours that it would be

Plus lost FF60 or 5.2 per cent at FF1,106 after Wednesday's FF36 gain; professionals noted that the stock had shown no sustained price growth over the past 13 months. The other big loser was Renault, down FF5.30 or 3.8 per cent at FF142.50 after a 4.1 per cent gain the day before.

ZURICH was propelled further ahead by a rally in a few major blue chips but the broader market was mixed. The SMI index gained 38.7 to 2,146.87.

Nestlé continued to draw strength from its better than expected 1996 results, rising SFR4 to SFR1.655.

Roche certificates recovered after a weaker start,

bidding for Thomson-CSF. It rose FF18.10 or 4.7 per cent to FF182.

On the downgrade, Canal-

THE WEEK'S CHANGES

	% Change
Athens	+5.5
Zurich	+3.7
Frankfurt	+3.6
Brussels	+2.7
Paris	+2.7
Milan	-0.3
Amsterdam	-1.8
Istanbul	-6.6

because of Easter meant the decline was exaggerated by low trading volume. The BSE-30 index fell 72.05 to 3,653.53.

KAIFEI was higher as investors ignored Wall Street's overnight sell-off and bought heavily on fundamentally strong electronics shares. The weighted index finished 29.99 higher at 8,118.70 in active turnover of FT9137.5bn.

Electronics led the gains, rising a sharp 2.9 per cent, and making up for slack trade in the battered food sector, still reeling from the pork export ban that erupted a week ago.

SEOUL closed marginally higher, having been pulled back from its best levels by rumours, apparently unfounded, that many smaller companies faced financial problems because of heavy debts. The composite index ended 1.22 higher at 652.87.

KARACHI finished lower after the government unveiled its economic

reforms package which slashed taxes and provided other benefits to boost industrial production and exports. Traders attributed the fall, however, to a market over-reaction and the selling of overbought positions.

The KSE-100 index finished 17.55 lower at 1,658.94.

KUALA LUMPUR finished lower after Wall Street's overnight plunge and concerns that the central bank's annual report, issued after the market closed, would hint at a tightening of monetary policy. The composite index lost 4.67 to 1,217.64.

Among markets closed yesterday, Thailand saw DHAKA call a halt to its latest bear run with a 7.7 per cent rebound which took the DSE all share index up 82.63 to 1,157 in turnover of Tk34.7m. The market, which fell 7 per cent on Monday and 6.8 per cent on Tuesday, was closed for a public holiday on Wednesday.

The start of bourse trade on Thursday was delayed for half an hour after traders in

THE EUROPEAN SERIES

	Mar 25	Mar 26	Mar 27	Mar 28	Mar 29
FTSE 100	2174.68	2140.51	2128.35	2130.07	2121.04
FTSE 200	2198.09	2164.28	2146.82	2150.57	2143.85

Plus lost FF60 or 5.2 per cent at FF1,106 after Wednesday's FF36 gain; professionals noted that the stock had shown no sustained price growth over the past 13 months. The other big loser was Renault, down FF5.30 or 3.8 per cent at FF142.50 after a 4.1 per cent gain the day before.

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ending up SFR140 to SFR12.445.

AMSTERDAM closed before bond markets really went sour, index-heavy financials playing their part as the AEX index rose 6.59 to 740.98. In industrials, DSM fell F11.30 to F1188.40, brokers blaming this on general market volatility. Nutricia showed some resilience, leading the AEX constituents with a gain of F10 or 3.6 per cent to F1290 although its results, with soaring profits and a five-for-one share split, did not come out until after hours.

BRUSSELS highlighted the steel cord and wire maker, Beekman, up BFR1.075 or 5.1 per cent to BFR22.350 on a combination of short-covering and analytical support; and Barco, the electronics group, BFR330 or 5.9 per cent better at BFR5,850 on strong 1996 earnings and a good 1997 profits forecast. The Bel 20 index rose 21.97 to 2,146.87.

Written and edited by William Cochrane and Michael Morgan

Concerns on banking sector send Nikkei lower

ASIA PACIFIC

Tokyo finished slightly lower yesterday after a sharp fall on Thursday as volume dwindled ahead of the Easter long weekend in Europe and the US, and the end of Japan's business year on Monday, writes Gwen Robinson.

The Nikkei 225 average fell 20.70 to 18,189.72 after moving between 18,057.71 and 18,233.62.

Volume shrank to an estimated 359m shares from Thursday's 498m. The Topix index of all first-section stocks fell 3.97 to 1,373.71 and the capital-weighted Nikkei 300 was off 1.25 at 2,651.19. Declines led advances 514 to 494, with 211 unchanged.

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Volume rose to 493m shares as investors, discouraged by reports of Nippon Credit Bank's radical restructuring efforts, sold bank and financial shares. Declines led advances 820 to 289, with 182 issues unchanged.

Concerns about the banking sector carried through to Friday's trading, as the announcement of a government-backed rescue plan for NCB aroused concerns about its impact on strong banks that might be asked to contribute capital to the ailing bank. Bank of Tokyo-Mitsubishi, which also reported a net loss at its US unit in the year to December 1996, fell Y90 to Y1,960. Industrial Bank of Japan shed Y60 to Y1,440 and Daiichi Kangyo Bank, Y50 to Y1,530.

Weakness in the banking sector spilled over to securities houses. Daiwa Securities fell Y30 to Y887, and Nikko Securities Y30 to Y700. Nomura Securities, however, was unchanged at Y1,370 after recent steep plunges on

the growing scandal over its illegal trading activities.

Blue chips turned mixed after strong performances earlier in the week. TDK rose Y50 to Y8,550, while Sony shed Y10 to Y8,640. Canon added Y40 to Y2,680 and Pioneer Electronic fell Y40 to Y2,100.

In Osaka, the OSE average added 17.34 to 19,235.12. Volume swelled to 306.4m shares following thin trading on Thursday when the index fell 105.03 to 19,217.78 in volume of 195.2m shares.

BOMBAY tumbled 1.9 per cent, although the closure of the National Stock Exchange for a holiday and the absence of foreign activity

THE WEEK'S CHANGES

	% Change
Seoul	+4.0
Karachi	+1.0
Kuala Lumpur	+0.4
Hong Kong	+0.4
Taipei	-1.3
Bombay	-1.8
Tokyo	-2.4

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LONDON STOCK EXCHANGE - DEALINGS

Details relate to those securities not included in the FT Share Information Services. The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday. They are not to be taken as indicative of the day's highest and lowest trades. For deep securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date. The size of individual deals are shown in the format: number of shares, price per share, and total value. * Represents all deals at that price. * Represents the previous day.	British Funds, etc	Competition and County Stocks	UK Government Bonds	Foreign Stocks, Bonds etc	Options Payable in London	Overseas Issues by Overseas Issuers	Listed Companies (excluding Investment Trusts)
British Steel PLC 11% Deb Sbk 2016 - 12% Brenntag PLC 10% Deb Sbk 2016 - 12% British Airways PLC 10% Deb Sbk 2016 - 1							

COMPANIES AND FINANCE

Racing driver who switched to the production lane

Haig Simonian meets the entrepreneurial TWR chief for whom a spin-off may now be one way to keep ahead of the competition

From Friday, US film-goers will be able to participate in the resurrection of *The Saint*, the gentleman sleuth created by Leslie Charteris and played on 1960s television by Roger Moore.

The latest Saint marks a change of both actor and location, with Val Kilmer playing Simon Templar in Moscow as well as London. Once again, however, Mr Templar will be driving a Volvo.

In the 1960s, it was a white P1800 - chosen, it is said, because the budget was so tight Mr Moore offered to use his own car. Walters have thickened with the advent of lucrative product tie-ins. But although badged a Volvo, the sleek C70 coupe featuring in the film owes more to a British engineer than to Sweden's biggest carmaker.

The C70, soon to go on sale in the US, comes from AutoNova, a joint venture between Volvo and TWR, the private British car engineering and racing group set up by Mr Tom Walkinshaw in 1976. This week, Mr Walkinshaw notched up a second alliance with Volvo, also to be controlled by TWR, in buses.

A racing driver turned motor industry entrepreneur, Mr Walkinshaw, 50, is more sinister than saint for some. Differences with organisers and other teams - notably the 1994 spat about the

specification of the Benetton Formula One cars he then managed - have won Mr Walkinshaw a reputation for testing, if not actually bending, the rules.

His connection with motor racing strengthened after last year's acquisition of the Arrows F1 team and the decision to sign up Damon Hill as lead driver. TWR is also spearheading Nissan's attempt to win Le Mans and runs Volvo's team in the British Touring Car Championship.

Latterly, however, Mr Walkinshaw has become as prominent in industry as racing. Last December, he repurchased the 50 per cent share in TWR held by the investment, the Italian investment company owned by the Benetton family, restoring full ownership to himself.

With the shares in the bag, his focus is now on highlighting TWR's engineering and product skills. The company has two main lines of business: engineering, divided into consultancy and a growing presence in car production, and racing. His retail car dealerships are in a separate company, and account for about half of the estimated £175m turnover of Walkinshaw businesses, which now employ almost 2,000 people.

Engineering consultancy is the second largest of his businesses, accounting for about 35 per cent of sales. Centralised at a new



Car parts: to prevent the engineering side being overshadowed, Tom Walkinshaw plans to spin off racing

£15m headquarters in rural Oxfordshire since early 1995, it undertakes confidential projects for carmakers such as Volvo, General Motors and Saab.

Britain is not short of such specialists: Lotus, Cosworth, Ricardo and Hawtal Whiting all have

international reputations. But Mr Walkinshaw argues TWR's scope has put it more on a par with Porsche, the German sports car group which also runs one of the world's most respected consultancies. "TWR is unique in that, other than Porsche, it is the only

year into a separate company. "The whole engineering and manufacturing business will be much easier to understand," he says.

He denies the split is a precursor to floating the engineering business - easily the most marketable of his activities, in spite of the prodigious publicity generated by racing.

Cash from investors could be used to expand R&D or manufacturing. TWR has been building cars for some time through a joint venture with General Motors's Holden subsidiary in Australia. Holden Special Vehicles, the TWR-controlled offshoot, assembles about 5,000 high performance cars a year.

AutoNova is bigger still. The company has re-equipped a former Volvo factory at Uddevalla in south-west Sweden to build the C70 - a car largely developed and engineered by TWR. Output should reach 20,000 units a year at full tilt and could be doubled, subject to demand. The rise in production lies behind Mr Walkinshaw's forecast that his businesses will be generating sales of \$1bn (\$650m) by the end of 1998.

Initial reactions to the car, designed to generate more excitement around the staid Volvo brand, have been positive.

Mr Walkinshaw says he has no plans to expand at the moment. "The next 24 months are for con-

solidation," he says. AutoNova has been a big commitment in time and money, and he wants to move to volume production before taking on another big challenge. "In the fullness of time, it's possible, but for the next couple of years our hands are full setting Uddevalla on stream."

But he does not exclude a higher volume venture should AutoNova work out. The company has developed new production techniques for its largely inexperienced employees, based heavily on team working.

While recognising such techniques would be inappropriate for a volume carmaker, Mr Walkinshaw thinks they could be valid in plants for up to 100,000 units a year. "I think there's a lot of needless mechanisation in the motor business. It all goes in the form of pre-investment, which is risk."

Much of what he says about empowerment, customer awareness and flexibility echoes the words of Mr José Ignacio López, the former GM and Volkswagen production guru now setting up his own management consultancy, Unilike Mr López, Mr Walkinshaw makes no pretence to be rewriting motor industry lore. But the fact that he now talks as pit-stop highlights his transformation into an industry figure.

Krupp head looks to future hostile bids

By Peter Norman in Essen and Ralph Atkins in Düsseldorf

Mr Gerhard Cromme, chief executive of Krupp Hoesch, yesterday vowed he would not hold back from launching future hostile takeover bids, such as Krupp's aborted offer for Thyssen, its biggest steel and engineering rival.

Commenting for the first time on the bid and the two companies' subsequent agreement to create a joint steel company, a buoyant Mr Cromme said Germany was not mature enough as a financial centre for the takeover. But the way was now

prepared for future bids.

He stressed that Krupp had no doubts that its plan for "a powerful, internationally competitive group" could have worked. "A banking consortium, consisting of leading international banks, would not have given credits of around DM15bn (\$8.9bn) without being convinced of the success of the concept," he said.

By contrast, Mr Dieter Vogel, Thyssen chief executive, commented that the bid was bound to fail because the resulting company would have been weighed down with debt and not viable.

Looking tired but relieved

after 10 days of corporate high drama, he accused Krupp of having sought to solve some of its problems by breaking up the economically sound Thyssen group. Krupp's plan was also socially unjust because it would have entailed compulsory redundancies, he charged.

The Krupp bid was put on ice within hours of its announcement on March 18, after local political leaders intervened and persuaded the two companies to negotiate a merger of their carbon steel interests.

The bid's hostile character and its financing by borrowings led to protests in the

Ruhr steel towns and Frankfurt.

Yesterday, Mr Cromme described Thyssen Krupp Stahl, the joint steel company, as a "marriage of convenience". The venture, 60 per cent owned by Thyssen and 40 per cent by Krupp, will operate from April 1. It will have annual turnover of about DM11bn and will produce about 15m tonnes of crude steel a year. Mr Ekkehard Schulz, head of Thyssen's steel subsidiary, will be chief executive.

To reflect the greater profitability of Thyssen's steel interests, Thyssen's share of the annual profit from the joint steel venture will be a

fixed DM300m more than that of Krupp until 2001. After that, profits will be split 60:40 to Thyssen.

In principle, the estimated DM900m to DM1.3bn cost of restructuring will be covered by the synergies arising from the joint company. But because there will be a time lag between the impact of the restructuring costs on Thyssen's consolidated balance sheet and the promised savings from synergies, Krupp has agreed to finance temporarily the charge that Thyssen will take.

Both Thyssen and Krupp revised the number of jobs to be lost through the merger from 4,000 to 2,000.

HSBC intends to be biggest bank in Brazil

By Geoff Dyer in São Paulo

HSBC, the international banking group, plans to become the largest bank in Brazil, according to the head of the group's new Brazilian subsidiary.

The comments follow the group's \$1bn acquisition of most of the assets of Banco Bamerindus, the troubled Brazilian banking group which was until recently the fourth largest bank in the country.

Mr Michael Geoghegan, the new president of HSBC Bamerindus, said: "We see great growth potential in Brazil and want to become the biggest bank, although we will take our time about this."

The acquisition makes HSBC easily the largest foreign bank in Brazil.

HSBC, which already had a 6.14 per cent stake in Bamerindus, has bought the assets from the Brazilian central bank which inter-

vened in the bank on Wednesday to prevent a liquidity crisis.

Mr Geoghegan said the first priority was to stabilise the bank's situation and persuade former depositors to return and then it would open branches in the São Paulo and Rio de Janeiro areas. Better customer service and technology would allow the group to prosper in a highly competitive market, he said.

The HSBC announcement follows a series of significant investments by foreign banks in Brazil, including Banco Santander, the biggest bank in Spain, and Lloyds TSB.

The economic stability brought by the introduction of a new currency nearly three years ago has led to a huge expansion in the number of potential customers for the banking industry.

However, banks have been deprived of the easy profits they made in times of high

inflation, which has led to several bank collapses and cheap acquisition opportunities for foreign banks.

Mr Geoghegan said the investment also reflected HSBC's confidence in the growth prospects for Latin America and in particular the four-nation Mercosur trade grouping. The group recently announced plans to invest \$300m in Grupo Financiero Serfin, which owns Mexico's third largest bank, and has minority stakes in banks in Argentina, Peru and Chile.

Although HSBC has not yet done due diligence on Bamerindus, Mr Geoghegan said there was no chance of it pulling out of the deal.

The central bank will try to sell the assets HSBC has not taken over including Impecel, a paper and cellulose company.

It has also frozen the personal assets of Senator José Eduardo de Andrade Vieira, the bank's main shareholder.

New GKN chief's payment

By Tim Burt

Mr CK Chow, the new chief executive of GKN, last year received a one-off payment of £200,000 from the engineering group to top up his pension entitlements following his arrival last summer.

Although Mr Chow officially became chief executive only at the beginning of this year, the extra payment made him the group's highest paid director in 1996.

GKN's annual report and accounts showed that he

received a total remuneration of £574,000 since his appointment last July.

That included a basic salary of £215,000 and a £150,000 bonus, which according to the report was "agreed with Mr Chow upon his accepting the position of chief executive designate".

By comparison, the remuneration of Sir David Lees, who split the roles of chairman and chief executive in January, fell to £484,000, compared with a previous £520,000.

In the annual report, GKN

also reiterated that it would appeal against last month's decision by a US judge to award damages of \$601m (\$378m) against the company for defrauding franchisees of Meineke Discount Mufflers, its specialist US exhaust retailer.

GKN said the £270m provision set aside to cover the damages - which directors pointed out could be reduced by a third because of waivers signed by some of the franchisees - should not be interpreted as its view of the likely outcome of the case.

Succession poser at Asda Property

By Roger Taylor

Asda Property Holdings is under pressure to allow investor fears over management succession by replacing Mr Tony Roscoe, who resigned as managing director of the investment and development company on Thursday.

Mr Manny Davidson, executive chairman, is 65 and Mr Roscoe had been expected to succeed him. He resigned after disagreeing with Mr Davidson over management style. The non-executive directors, Sir Patrick Sheehy and Mr John Parry, backed Mr Davidson.

The shares fell 27p to 142p, reflecting the high regard with which investors viewed Mr Roscoe.

The fall wiped out the premium to net asset value at which the company had traded. Asda's results for 1996, announced on Thursday, showed net asset value per share up 12 per cent to 145p. Mr Davidson said Mr Roscoe's departure would have little impact on the company's performance. Most of the deals had been sourced through directors.

Although compensation has not yet been agreed, Mr Roscoe is on a two-year

rolling contract and is believed to have earned about £150,000 last year.

Rental income last year rose 11 per cent to £15.8m but lower profits from trading properties resulted in static pre-tax profits of £8.8m (£8.9m).

The year before had benefited from the disposal of the Dewhurst properties which the company bought following the collapse of the chain of butchers.

Earnings per share fell 9 per cent to 59p but excluding receipts from property sales rose 8 per cent to 41p.

A proposed final dividend of 1.95p makes a total of 2.8p, up 8 per cent.

Power income lifts Slough

By Michael Lindenmann

Higher rents and income from its power station contributed to a 7 per cent rise in pre-tax profits to £75.5m at Slough Estates, the UK's largest industrial property group.

However, overseas net rental income, mainly in France and Belgium, fell £3.2m, because of the strength of sterling. Mr Derek Wilson, chief executive, said the stronger pound also knocked £1.9m off pre-tax profits. Net asset value per share rose 7.1 per cent from 269p to 285p.

Slough plans to sell two developments in France and Belgium on completion later this year, but Mr Wilson said the group would continue to operate in several overseas markets, including Canada and the US, in order to protect itself against the volatility of the UK market.

"We also have a small portfolio of UK properties which is currently under negotiation," he said.

Slough declined to comment on the negotiations to recover the £40m it is owed by Welwyn Hatfield district council following a dispute several years ago.

The value of Slough's portfolio rose 4.8 per cent, helped by improvements across the industrial, retail and office sectors. Slough said it was progressing with its 3m sq ft international development programme.

It also announced that it had pre-let 65,000 sq ft, about 10 per cent of the space available at the Buchanan Galleries shopping complex in central Glasgow, to Habitat and Next.

Mr Wilson said the group had "substantial funding" available to bolster that development programme after net debts last year fell

from £764m to £558m, gearing of 59 per cent.

Earnings per share rose 8 per cent from 11.1p to 12p. A dividend of 9p is payable, up 6 per cent on last year's payout.

COMMENT

Things are looking up for Slough, if only because the value of its portfolio has increased across the board. The group is determined to raise rental income further and, here too, prospects look more promising because of the buoyant property market. Net asset value this year is set to rise to about 310p per share. Even after the latest results, however, the group's shares languish at a 5 per cent discount to net asset value. Slough is taking steps to improve its business but the shares may well continue at that sort of discount given the management's poor record in recent years.

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FT Discovery

RESULTS		Turnover (£m)		Pre-tax profit (£m)		EPS (£)		Current dividend (£)		Date of payment		Dividends corresponding dividend		Total for year		Total last year	
Amec	Yr to Dec 31	2,769	(2,451)	27.24	(15.94)	4.7	(1.1)	2.5	July 1	1.5	4	1.5	4	3			
Asda Property	Yr to Dec 31	31.7	(22.8)	8.82	(8.92)	5.9	(5.5)	1.95	July 1	1.8	2.6	1.8	2.6				
Atlas Equipment	Yr to Dec 31	83.5	(64.4)	8.09	(5.86)	50.8	(37.9)	15	May 30	15	22	15	22				
Ayres Hotel	Yr to Dec 31	42.9	(41)	2.23	(2.8)	14.8	(16.8)	3.5	Apr 1	3.5	5	3.5	5	5.5			
Bracknell	Yr to Dec 31	0.021	(0.018)	0.61	(0.5)	40.92	(19.75)	3.1			2	8.42	7.32				
Calder	Yr to Dec 31	18	(19.2)	0.97	(1.834)	458.31	(1,100)	5	June 27	2	4	1.7	3				
Country Casuals	Yr to Jan 25	54.4	(54.2)	0.108	(0.2494)	0.14	(0.8)	nil	-	-	4	1.7	5.41				
Craig & Rose	Yr to Dec 31	4.14	(3.91)	0.214	(0.0411)	36.331	(6.48)	nil	-	nil	nil	nil	nil				
Crease Ltd	14 mths to Sept 30	4.17	(4.27)	2.671	(1.42)	8.71	(6.3)	nil	-	-	-	-	-				
Dominion Energy	6 mths to Dec 31	0.229	(0.235)	0.121	(0.1991)	0.271	(0.42)	nil	-	-	-	-	-				
Endemol	Yr to Sept 30	13.2	(7.5)	8.22	(2.14)	34.61	(32.77)	2.3	June 2	2	6	2	6				
Fin Gardiner	6 mths to Feb 28	15	(10)	1.63	(0.92)	8.41	(6.8)	2.3	June 2	1	5.25	7.2	8.75				
Garton Eng	Yr to Dec 31	20.1	(28.8)	1.23	(1.36)	25.4	(25.3)	5.6	July 1	5.25	7.2	7.2	8.75				
HighPoint	6 mths to Nov 30	20.3	(21.7)	0.382	(0.758)	9.21	(9.9)	2.3	July 11	9.35	14.85	14.85	14.85				
Impecel	Yr to Dec 31	20.7	(19.8)	0.6984	(1.82)	1.08	(4.58)	2.3	May 22	2.3	3.6	3.6	3.6				
Midlink	Yr to Dec 31	10.8	(13.7)	0.124	(0.4894)	1.231	(6.7)	1.25	May 12	1.3155	2.5	2.5	2.5				
MFL Instruments	Yr to Dec 31	41.5	(34.6)	4.82	(4.51)	15.7	(15.5)	2.9	May 30	2.8	5	4.8	5				
Harcor	Yr to Dec 31	48.3	(55.5)	1.23	(2.84)	3.3	(8)	2	May 23	3.1	3.1	3.1	3.1				
Ormonde Mining	6 mths to Dec 31	31.7	(30.7)	6.42	(5.41)	40.89	(35.04)	11.17	June 5	8.5	13.25	11.17	11.17				
Porterbrook	Yr to Dec 31	2.546	(2.746)	200.94	(273.24)	10.4	(14.8)	0.09	July 7	11.17	16.67	16.67	16.67				
Roscoe	Yr to Dec 31	18.9	(16.3)	0.1864	(0.015)	0.09	(0.01)	5.75	May 30	5.4	9	5.4	9				
Slaugh Estates	Yr to Dec 31	7.18	(6.09)	0.150	(0.408)	0.11	(0.5)	1.1	May 9	1.05	3	3	3				
SWP	6 mths to Dec 31	29.5	(34.8)	3.08	(2.85)	8.21	(7.92)	3.25	May 19	3	4.95	4.95	4.95				
Tratford Park	6 mths to Dec 31	5.94	(4.98)	2.98	(2.89)	2.908	(2.845)	1.1	May 9	1.05	3	3	3				
Universal Ceramic	Yr to Dec 31	39.5	(34.8)	3.08	(2.85)	8.21	(7.92)	3.25	May 19	3	4.95	4.95	4.95				

Investment Trusts		NAV (£)	Attributable Earnings (£/sq)	EPS (£)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
F&G US Smaller	6 mths to Dec 31	154.7	(140.9)	0.0861	(0.0793)	0.12	(0.18)	-	-
Heath Small Index	6 mths to Feb 28	135.2	(112.7)	0.054	(0.052)	0.087	(0.12)	-	-
Thornburn Fund	Yr to Dec 31	29.73	(45.08)	2.52	(0.465)	33.6	(6.2)	22.5	22.5

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. Ⓐ After exceptional charge. Ⓑ After exceptional credit. Ⓒ On increased capital.

Income stock. 5.5% coupon. 5.5% term. 10% coupon. 5.5% term. 10% coupon.

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. *After exceptional credit. †On increased capital. ‡Non stock. \$US currency. \$US terms. *Comparative reported. \$US currency.

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COMPANIES AND FINANCE

Regulator seeks Bre-X share records

By Clay Harris in London, Scott Morrison in Vancouver and Mariana Saragosa in Jakarta

The reverse alchemy which transformed an Indonesian gold discovery from the "world's largest" to "insignificant" has spread beyond just one mining company.

As Toronto shares suffered their worst one-day fall in a decade, the Ontario Securities Commission requested all trading records relating to Bre-X Minerals, the Canadian exploration company that discovered the Busang site on the island of Borneo.

Bre-X shares plunged by C\$13 to C\$2.50 on Thursday, slashing its market value by C\$3.12bn (US\$2.27bn). They had been suspended since an announcement that independent tests had indicated "insignificant amounts of gold" at Busang.

Trading in Bre-X was so heavy that the Toronto Stock Exchange was forced

to close early. The 300 Composite index fell 191.21 to 5893.63, while the exchange's gold index lost 8.66 per cent.

The Bre-X affair may cause more ripples than past mining bubbles, as main line Canadian stockbrokers have touted the shares, which peaked at C\$28, and they have been bought by international funds as well as individual speculators.

The regulator is to probe trades made by Bre-X executives, other individuals, institutions and for investment dealers' own accounts.

The exchange rejected a plea by Mr David Walsh, Bre-X president, that shares remain suspended until an audit was completed. It said an unofficial "grey market" had developed in the US and investors were "best served by a visible and accessible exchange".

Shortly before trading reopened, Mr Walsh said: "We have every confidence there is the reserve potential in

the Busang property that we have stated." Bre-X had officially estimated the Busang deposit at 71m ounces of gold, although it had given credence to figures as high as 200m ounces.

Freemont McMoran Copper & Gold, the US mining company which has been unable to reproduce Bre-X's results, declined to explain why it had revealed its doubts after drilling only seven test holes - or what it meant by "visual differences" between the gold particles in its samples and those of Bre-X.

Mr Walsh said it was "physically impossible" to tamper with samples. P.T. Kilborn Pakar Belkajaya, a Canadian-owned company which calculated the 71m ounce estimate using computer modelling, made clear it "did not drill, did not take the samples nor did it assay those samples".

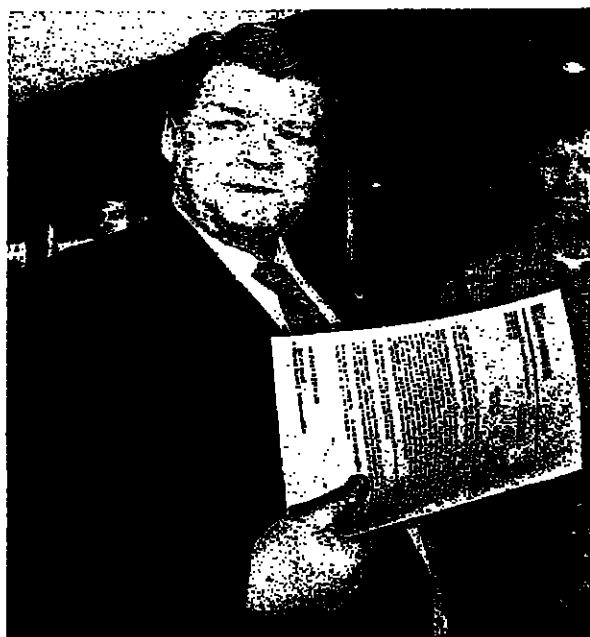
Indonesia has suspended Bre-X's application for a licence to proceed with

exploration and development. One of Bre-X's partners, Nussamba, an investment company linked to President Suharto, said it would only invest if results from the current audit were "satisfactory".

Mr Michael de Guzman, Bre-X chief geologist who helped to discover Busang, died in mysterious circumstances last week. His body was found in the Indonesian jungle four days after police reported he had jumped from a helicopter. Police said a note left by Mr de Guzman said he was suffering from acute hepatitis B.

But his brother said at a memorial service in Jakarta yesterday that Mr de Guzman had given no indication he was suffering from hepatitis B. Mr de Guzman's body is due to be flown to his native Philippines today.

Crumbled to dust, Page 6; See also Lex and World Stock Markets



David Walsh: Bre-X confident of Busang's reserve potential

INTERNATIONAL NEWS DIGEST

Kirch drops talks with state bank

KirchGroup, the German media company, yesterday pulled out unexpectedly from talks with a Bavarian state-owned bank about a DM500m (\$295m) loan, saying it was fed up with accusations that special favours were being sought. The move followed a week of claims from the German media and politicians that Mr Leo Kirch, the company's head, was seeking preferential treatment from political friends.

KirchGroup rejected these claims. It said "subjective public discussions" had led to it dropping the state-owned Bayerische Landesanstalt für Aufbaufinanzierung (LFA) from a planned bank finance consortium. In a statement, the group added: "Mr Leo Kirch has, with the exception of a DM4,900 student loan, never received state help or subsidies."

The LFA provides finance to small and medium sized businesses. The head of its supervisory board is Mr Otto Wiesheu, the Bavarian economic minister. KirchGroup said plans for the group's business development were unaffected by the move. It is expected to continue discussions with a consortium of other banks about a financing package worth more than DM1bn in total.

The Munich-based media group also dismissed suggestions that the financing package was needed because it had over extended itself in the past year after a spate of deals with Hollywood studios. The financing was not related to losses from its digital pay-TV venture DFL, it said. KirchGroup refused to disclose details of the finance being sought or the other banks with which it was in negotiations.

Ralph Atkins, Bonn

Swaps loss at Japanese bank

The New York branch of one of Japan's biggest banks has disclosed a failure in its derivatives trading unit that cost it \$33m. Bank of Tokyo-Mitsubishi, the product of a merger last year, said it discovered losses of \$50m from interest rate swaps and other instruments last summer, and that the cost of later winding down its derivatives portfolio had added another \$33m. It said its US unit had not broken any laws, regulations or internal rules. The losses are believed to have stemmed from the failure of the bank's computer systems properly to price its derivatives portfolio.

Richard Waters, New York

Morgan Stanley profit record

The sharp movements in bond and foreign exchange markets in recent months boosted trading profits and helped Morgan Stanley notch up record earnings in the first quarter of its financial year, according to figures released on Thursday. Morgan Stanley reported after-tax profits of \$316m, or \$1.88 a share - a rise of 16 per cent on the year before.

The biggest contribution to the bank's 24 per cent gain in revenues, to \$1.8bn, came from the acquisition of Van Kampen American Capital, a mutual fund company. This helped boost asset management and administration income to \$278m, from \$122m the year before. The US investment bank, which earlier this year agreed to merge with Dean Witter, also benefited from a \$56m investment gain and continuing strong demand for securities underwriting and mergers and acquisitions services.

The bank's pre-tax profit margin slipped by 2 percentage points, to 28 per cent, however, as operating expenses climbed faster than revenues. Staff compensation remained steady at just under half of revenues.

Richard Waters

Calpers ready to grill Apple over turnaround

By Nicholas Denton in San Francisco

Apple Computer, already facing the possibility of a hostile bid by a group of investors led by Silicon Valley tycoon Mr Larry Ellison, will come under further pressure next week from one of its largest and most critical institutional shareholders.

Calpers, the California public employees' retirement system, which earlier named Apple as one of its worst performing investments, is set to grill Mr Gil Amelio at a meeting this coming Tuesday with the Apple chairman and other executives of the troubled personal computer company.

The \$11bn pension fund, describing Mr Ellison's takeover proposal as "intriguing and interesting", is expected to quiz Apple's current management about its plans to turn the company round after announcing 4,100 lay-

offs earlier this month.

Calpers, which lists Apple as one of its corporate governance "targets", will also join in Mr Ellison's criticism of Apple's board. "Some of the directors don't own any shares in the company which leads us to wonder whether they have any incentive to turn the company round," Calpers said yesterday.

Apple's meeting with Calpers, which owns about 0.6 per cent of the company, comes amid unexplained activity in the computer company's shares. In two transactions on Thursday, unnamed investors acquired 2.6 per cent of the company, lifting the shares 11 per cent.

The latest flurry of speculation about Apple's future was sparked by an interview with Mr Ellison in the local San Jose Mercury News in which he mused about a takeover bid. "Apple is in desperate need of all-new management and leadership," he said.

Mr Ellison - chairman of Oracle, the computer database software developer, and one of Silicon Valley's wealthiest individuals - said he was forming an investor group to explore a bid for Apple consisting of 60 per cent cash and 40 per cent stock in the company.

Late on Thursday, he invited feedback by electronic mail from Apple shareholders and others to his proposals. "Presuming the successful acquisition of Apple by the Ellison investor group, what do you believe should be its single top priority?" he asked.

Mr Ellison, who has talked openly about making a bid for Apple, is a longstanding critic of the way the company has been managed since the ousting in 1985 of Mr Steve Jobs, co-founder of the company and a personal friend.

Calpers targets poor performers, Mr news

Quaker Oats may face bid after Snapple sale

By Richard Tomkins in New York

The final chapter in one of the most disastrous acquisition stories in US corporate history was written this week with the decision by Quaker Oats, the US breakfast cereal company, to sell its Snapple soft drink subsidiary.

But the sale could open a new chapter in one of Wall Street's longest-running sagas: the question of whether Quaker Oats, now free of the Snapple burden, could become the target of a bid.

Quaker Oats announced on Thursday that it had agreed to sell Snapple to Triarc, a small US conglomerate, for \$300m in cash. Triarc plans to merge the business with its Mistic Brands subsidiary - like Snapple, a maker of trendy juice drinks and iced teas.

Triarc is an investment vehicle for Mr Nelson Peltz

and Mr Peter May, two financial engineers who became famous in the 1980s for buying out much of the US can-making industry and selling it on to Pechiney of France.

Quaker Oats will take a pre-tax charge of \$1.4bn on the Snapple deal, representing the difference between the \$300m sale price and the \$1.7bn it paid to buy the company at the end of 1994.

Snapple was a disaster for Quaker Oats from the beginning. Quaker Oats bought at the peak of a fad for "alternative" drinks: Coca-Cola and PepsiCo were attacking the market with their own juice drinks and iced teas and Quaker Oats alienated Snapple distributors by trying to replace them with its own.

The subsidiary staggered from one crisis to another, and sales failed to revive in spite of a \$20m marketing blitz last summer. In 1995 and 1996 combined, Snapple

turned in operating losses of \$160m, wrecking the parent company's profits.

Mr Steven Galbraith, an analyst at Sanford C. Bernstein, said Snapple was "the ultimate poison pill" because no one knew what, if anything, it was worth. But with Snapple gone, Quaker could become a takeover target.

Quaker Oats' remaining businesses consist mainly of Cap'n Crunch cereals and Gatorade sports drinks. "It has a reasonably strong collection of brands but it's a very small company," Mr Galbraith said. "With a market capitalisation of \$5bn, it's reasonably digestible."

Analysts say Coca-Cola and PepsiCo could be interested in getting hold of the Gatorade soft drinks business, while the top three US breakfast cereal companies - Kellogg, General Mills and Philip Morris, with its Post subsidiary - would want to look at the breakfast cereal operations.

FTSE ACTUARIES WORLD INDICES

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FRIDAY MARCH 28 1997									
Region	US	Day's	Local	Local	Local	Local	Local	Local	Local
Index	Index	Change	Index	Index	Index	Index	Index	Index	Index
of stock	of stock	%	Index	Index	Index	Index	Index	Index	Index
Australia (78)	220.64	0.3	200.18	172.76	182.27	187.09	0.0	4.08	219.98
Austria (24)	186.55	0.1	159.24	146.07	182.57	182.54	0.0	1.79	186.45
Belgium (26)	237.08	0.0	215.90	186.39	207.39	203.04	0.0	3.44	237.88
Brazil (35)	236.93	-0.0	214.04	186.32	206.47	461.78	-0.2	1.52	236.93
Canada (138)	188.28	-0.3	170.80	147.43	184.07	188.22	0.0	2.07	188.78
Denmark (32)	367.01	0.1	332.95	287.38	318.82	318.78	0.0	1.57	368.82
Finland (28)	233.47	0.1	234.48	202.39	225.24	269.95	0.0	1.69	234.28
France (111)	225.57	0.1	204.64	178.83	193.57	193.78	0.0	2.85	225.29
Germany (65)	205.68	0.1	187.50	161.84	180.11	180.11	0.0	1.50	205.32
Hong Kong (59)	455.85	-0.0	413.54	356.84	387.24	453.53	0.0	3.48	455.87
Indonesia (27)	232.54	0.0	210.98	182.09	202.84	342.52	0.0	1.55	232.49
Ireland (16)	331.13	0.4	300.40	259.28	288.55	295.82	0.0	3.25	331.13
Italy (59)	165.35	-0.1	159.28	146.39	161.55	161.55	-0.1	2.14	165.35
Japan (480)	113.79	-0.6	103.23	89.10	96.16	96.10	-0.4	0.88	114.47
Malaysia (107)	519.55	-0.6	582.05	485.12	538.89	592.11	-0.5	1.07	522.44
Mexico (27)	1368.08	-0.2	1241.84	1071.70	1182.70	1184.68	0.0	1.11	1371.85
Netherlands (19)	351.63	0.1	318.56	273.34	308.42	308.42	0.0	2.55	351.33
New Zealand (14)	84.81	-0.1	78.93	68.41	73.90	84.83	0.0	4.39	84.85
Norway (41)	312.14	0.1	283.17	244.41	272.01	280.88	0.0	2.18	312.00
Philippines (22)	185.24	-0.1	177.12	152.88	170.14	258.81	0.0	0.88	185.44
Singapore (43)	389.42	-0.1	359.28	304.93	329.35	329.78	0.0	1.08	389.88
South Africa (44)	360.88	0.0	327.12	282.35	314.22	348.31	0.0	2.41	360.55
Spain (35)	218.55	0.0	198.26	171.13	190.45	235.22	0.0	2.70	218.50
Sweden (49)	444.47	-0.1	403.22	348.03	387.39	497.94	0.0	2.09	443.82
Switzerland (30)	232.96	0.2	226.58	204.21	227.21	230.40	-0.1	2.06	232.96
Thailand (44)	80.45	-0.9	73.87	63.48	70.11	81.14	-1.0	3.98	81.22
United Kingdom (212)	281.86	0.3	255.92	220.55	245.45	255.92	0.0	3.85	280.92
USA (654)	314.29	0.0	295.12	246.10	273.88	314.29	0.0	1.82	314.29

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OFFER FACILITY									
Company	MM Price	Change	Company	MM Price	Change	Company	MM Price	Change	Company
Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp
Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp
Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp
Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp
Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp
Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp
Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp
Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp
Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp	20		Admiral Sea Marine Corp

FT GOLD MINES INDEX									
Mar 27	% chg	Mar 28	Year	52 week	P/E	52 week	Low	High	Low
104.82	-2.6	102.93	248.83	2.03	-	248.83	104.82	-	-
194.33	-0.1	194.49	328.92	4.82	36.3	328.92	194.33	-	-
194.75	+0.0	193.22	272.14	2.75	21.6	272.14	194.75	-	-
154.06	-4.2	150.77	214.43	0.87	58.92	214.43	154.06	-	-

What's all about?

FT-IT Survey. Wednesday, April 2.

On Wednesday, April 2 the Financial Times will publish its latest monthly FT-IT Review. The main focus will be on the way information technology is helping to make reduced defence budgets go further.

And it will look at the growth of Internet's little brother, intranet, at security in the networked environment, and offer further advice on beating the 'Millennium Timebomb'.

Financial Times.
World Business Newspaper.

JPM 10150

Suez and Lyonnaise des Eaux confirm talks on merger plan

By Andrew Jack in Paris

Suez, the flagship French holding company, and Lyonnaise des Eaux, the utilities and communications group, yesterday confirmed months of speculation that they were holding merger talks.

The combination of the two groups would be one of the most significant financial operations in France and could presage a shake-up in the European utilities sector.

Bankers are this weekend discussing the proposed terms for the transaction, which is likely to lead to Suez being absorbed by Lyonnaise, providing investors with between 2 and 2.1 shares in Lyonnaise for each share they hold in Suez.

A short joint statement said that both companies' boards would be meeting in special sessions shortly to discuss a merger proposal between the two companies.

However, in an indication of the tensions over the deal, the statement said this meeting would take place on April 11, nine days after both boards were originally due to have held merger talks.

Pressure from critical shareholders - including Générale des Eaux, Lyonnaise des



Gérard Mestrallet has overhauled Suez since a boardroom coup ousted his predecessor, Gérard Worms, in 1995

Eaux's principal rival which holds a stake in Suez - is believed to have helped lead to a postponement.

Goldman Sachs is working for Suez and Crédit Commercial de France for Lyonnaise in the efforts to agree to final val-

uation terms. Other bankers involved in the operation are Morgan Stanley and Indosuez for Suez, and Bankers Trust and Crédit Lyonnais for Lyonnaise.

The merger would represent the culmination of an overhaul

of Suez undertaken by Mr Gérard Mestrallet, the chairman who took over the group after a boardroom coup ousted his predecessor, Mr Gérard Worms, in 1995.

He has since sold off much of Suez's property portfolio, as well as Banque Indosuez, and has been increasingly focusing the group on its utilities investments, notably taking a controlling stake in Belgium's Tractebel.

Its second arm of specialist financial services, including the consumer credit business Sofinco, could in the medium term be sold to Crédit Agricole, one of Suez's largest shareholders, which already has an option to buy 20 per cent of Sofinco.

If, as many analysts had expected, Suez had absorbed Lyonnaise, the utilities group could have jeopardised a number of contracts with local authorities.

Rather than launching a takeover bid or a public exchange of shares on the stock market - which would risk leaving the combined group with minority investors - the two concerns preferred a merger, with a transfer of Suez assets into a restructured Lyonnaise des Eaux.

Anglo-US group favours rolling programme of share buy-backs

LucasVarity may abandon dividends

By Tim Burt

LucasVarity, the Anglo-US engineering group, is preparing to become the first UK-quoted company to abandon dividend payments in favour of a rolling programme of share buy-backs.

The company, formed by last year's \$2.3bn (\$5.08bn) merger of Lucas Industries and Varity Corporation of the US, is believed to have won informal backing from its 15 largest institutional investors.

Advisers to the group believe the idea could be applied elsewhere in the UK, and that more companies will choose buy-backs in preference to dividends.

When the company first mooted the idea earlier this year, some tax-exempt UK pension funds complained that a share repurchase could prevent them from claiming the tax credits available on dividend payments.

In a series of meetings ahead of its maiden results next month, LucasVarity has told shareholders that a buy-back could be as tax-efficient as normal dividend payments.

Under UK law, tax-paying investors offered a buy-back are deemed to have received a taxable distribution equal to the difference between the price at which shares are repurchased and their nominal value. If the old Lucas Indus-

tries, for example, had offered a buy-back prior to last year's merger, shareholders would have been taxed on the difference between the 245p share price and their 25p nominal value.

Following the merger the nominal value of LucasVarity shares was rebased at 235p - the level at which the enlarged group started trading in September. With the shares trading at 195p at the end of last week, shareholders could be offered a buy-back at anything up to 235p without incurring a tax liability.

Officials hope that the tax-efficient nature of the buy-back proposal will ease concerns over the possible

absence of a dividend, which has undermined the group's share price.

By avoiding paying a dividend, the company would not have to pay advance corporation tax (ACT), which it has not been able to reclaim in recent years because of insufficient taxable UK profits.

LucasVarity, led by its chief executive, Victor Rice, inherited \$90m of unrelieved ACT from Lucas Industries.

The plan is expected to be put to the LucasVarity board when it meets next month.

Some UK pension funds are expected to remain opposed to the move, claiming it reflects the imposition of Varity's US-style shareholder rewards.

THE LEX COLUMN

Fool's gold

Even if the Busang mine was worth the \$80m that was estimated just two weeks ago, the development of the biggest gold find this century would be an embarrassment for the gold mining industry. Now that it looks as if the film rights on the Busang story could be worth more than the mine itself, it may force the industry to change the way it operates.

The incident is shocking on a number of levels. Bre-X, the Canadian company which struck gold at Busang, was able to increase its declared resource estimates from 30m ounces to 71m ounces without clear evidence that the yellow metal existed. The North American gold exploration industry comes out badly, given the attempts by various operators to pinch the mining rights from under Bre-X's nose. And the Indonesian government will not find it easier to attract foreign investment after revelations of scheming between various members of President Suharto's family to get a share in the mine.

Thus far, the only losers have been the investors who funded Bre-X. But small exploration companies may end up losing. Valuations will now reflect the risks that have just been demonstrated. This will encourage bigger gold mining groups to buy up the more attractive exploration companies on the cheap. And it will make it much tougher for exploration companies to raise equity financing for future deals. They may have to revert to partnerships with larger rivals, instead of getting the cash to become full-scale mining companies themselves.



ruled out, at least for a year or two. In France the picture is different. By French standards, some of Calpers' proposals are certainly radical: that companies should be required to disclose how they comply with the (pretty unimpressive) governance recommendations of the Vinot report; that key board committees should solely be staffed by independent directors; that double voting rights should be abolished. But this just underlines how far France has to go. Consider, for instance, the basic principle that a chairman should not also be chief executive: in France, the idea is so outlandish that Calpers does not even bother to suggest it.

UK results

With the looming general election and this week's US interest rate rise, it has been easy to miss the domestic results season. Britain's corporate sector has acquitted itself rather well. Positive earnings surprises from the likes of Arjo Wiggins, Appleton, United Biscuits, Kingfisher and Unilever outweighed shocks at Rentokil Initial and English China Clays. Average earnings growth last year was a very reasonable 8.9 per cent, supporting dividend increases of around 10 per cent generally, while payouts among financials jumped nearly 30 per cent for the third year in a row.

Unfortunately, the outlook for 1997 is much duller. The full impact of sterling's strength, will feed through to results, while the easy restructuring gains of the past four years have been exhausted. Most analysts are expecting earnings growth of perhaps 5 per cent for the market - with dividend increases to match - though there have been upgrades for, among others, WPP and Paragon. Even these, however, could be vulnerable to higher interest rates. Action by the Federal Reserve, combined with last month's sharp rise in UK average earnings, has rekindled inflationary fears - expectations of end-1997 interest rates have jumped from 6.5 per cent to 7.25 per cent in the past fortnight.

That all makes for a rather subdued outlook for UK equities, particularly with the market trading on a healthy 15 times prospective earnings. With more jitter about the strength of the US economy set to emerge, as well as political worries at home, investors would be wise to be cautious.

Still, that is no bad thing. The UK's big governance weakness is not a shortage of new rules. It is more that institutions are often slow to act. Britain has most to learn from Calpers' practices, not its principles. It is all the more pity, therefore, that Calpers is soft-peddling in this area too - US-style shock tactics in the UK are being

Finmeccanica

The L540bn (\$319.3m) loss suffered by Italy's Finmeccanica last year may not sound like great news to its shareholders, but it could represent the start of a clean-up for this messy state-controlled conglomerate. The loss stems from accounting changes that will considerably enhance future profits. More importantly, it cleans up Finmeccanica's balance sheet at a time when it is talking to Britain's General Electric Company about various deals. And this is a company which could substantially boost its value by deal-making.

The group is a jack of numerous trades, but master of virtually none. The obvious solution is to break the business up and pair off the various subsidiaries with logical European

Corporate governance

In the corporate governance jungle, Calpers (the California Public Employees' Retirement System) is supposed to be one of the carpet cutters. In the US it is. But Britain's herbivorous fund managers will be relieved to hear that Calpers' current plans for the UK are unlikely to draw much blood. Its new UK principles mostly run along standard Cadbury/Greenerby lines. And Calpers' few new thoughts - for instance, that all directors should face annual re-election - are suggested distinctly half-heartedly.

Still, that is no bad thing. The UK's big governance weakness is not a shortage of new rules. It is more that institutions are often slow to act. Britain has most to learn from Calpers' practices, not its principles. It is all the more pity, therefore, that Calpers is soft-peddling in this area too - US-style shock tactics in the UK are being

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Markets latest

FTSE 100	4,912.9	(+11.4)
Yield	4.74	
FTSE Eurotrack 100	2,198.1	(+13.92)
FTSE All-Share	2,098.70	(+0.25)
Nikkei	18,282.7	(-20.70)
New York Close		
Dow Jones Ind Ave	6,740.58	(-140.11)
S & P Composite	773.58	(-16.62)
3-mo Treas Bill	6.5%	
Life long gilt	Jun 1995	(Jun 1995)
US CLOSING RATES		
Federal Funds	5.25%	(5.25%)
3-m Treas Bill: Yld	6.52%	(6.52%)
Long Bond	6.52%	(6.52%)
Yield	7.89%	(7.89%)
NORTH SEA OIL (Avgus)		
Brent Blend	\$18.56	(18.61)
3-m Oil		
New York Crude (Apr)	\$28.02	(28.1)
London	\$27.95	(27.95)
Figures for London markets, NYSE and NY gold are Thursday's.		

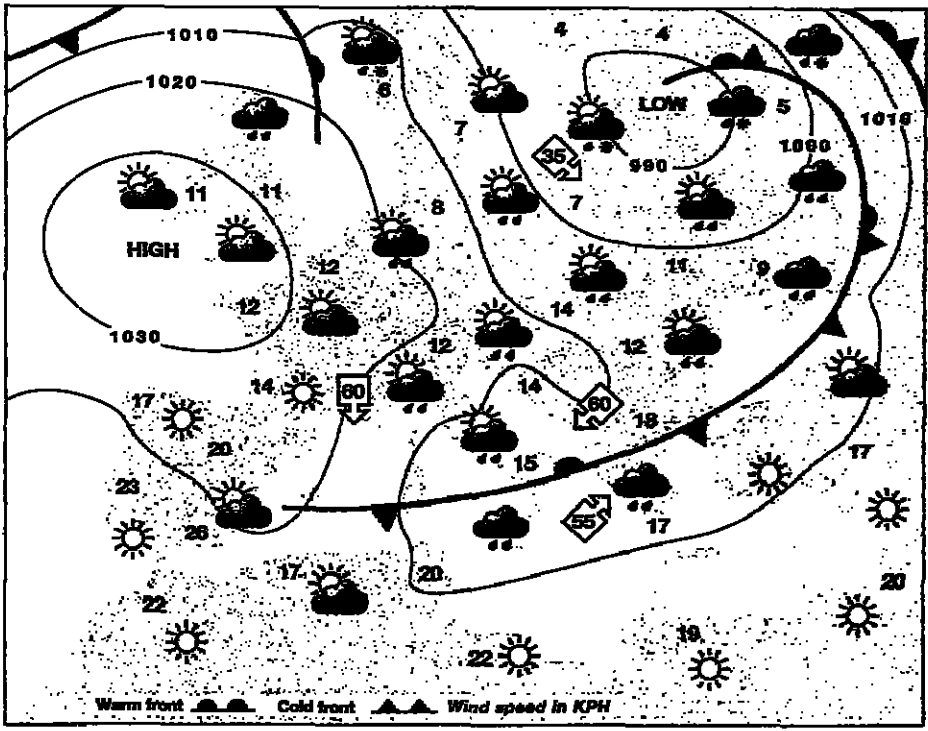
FT WEATHER GUIDE

Europe today

A surge of very cold air will affect eastern Europe with some small hail and rain showers. A gusty front will cross Italy and the Balkans with heavy showers and some thunder. Western Europe will be mainly dry because of high pressure near Ireland. France and Spain will be sunny. The UK will be mostly cloudy, but dry with sun in the south. The north slopes of the Alps will have snow. Heavy rain will turn to snow in Russia and be followed by a steep drop in temperature. Southern Scandinavia will be cool and rather sunny in Sweden, but Finland will have rain.

Five-day forecast


A warming trend will spread across western Europe, while eastern Europe will be unseasonably cool. Spain and southern France will be sunny. Easter will be mainly dry across north-western Europe with a mix of cloud and sun. Scandinavia will be wet and windy.



TODAY'S TEMPERATURES

Maximum	Beijing	sun 18	Caracas	sun 18	Faro	sun 21	Madrid	sun 20	Rangoon	sun 36
Minimum	Cebu	sun 18	Catania	sun 18	Frankfurt	sun 11	Majorca	sun 17	Reykjavik	sun 7
Abu Dhabi	shower 33	Belfast	cloudy 11	Geneva	sun 11	Manila	sun 18	Rio	sun 27	
Algiers	sun 33	Bombay	sun 33	Glasgow	sun 11	Moscow	sun 11	S. Francisco	sun 20	
Amsterdam	cloudy 10	Buenos Aires	sun 23	Hamburg	sun 11	Mumbai	sun 11	S. Paulo	sun 20	
Athens	sun 17	Calcutta	sun 33	Helsinki	sun 11	Nairobi	sun 11	Seoul	sun 11	
Atlanta	sun 24	Chengdu	sun 33	Hong Kong	sun 22	Paris	sun 11	Singapore	show 22	
B. Aires	sun 31	Dhaka	sun 33	Kuala Lumpur	sun 22	Perth	sun 11	Stockholm	sun 6	
Buenos Aires	cloudy 11	Dubai	sun 33	London	sun 11	Rangoon	sun 11	Strasbourg	show 12	
Bangkok	sun 37	Dublin	cloudy 7	Lyons	sun 11	Singapore	sun 11	Sydney	show 22	
Barcelona	sun 18	Edinburgh	cloudy 11	Madrid	sun 11	Singapore	sun 11	Taipei	sun 18	
				Manila	sun 11	Singapore	sun 11	Tokyo	sun 11	
				Mexico City	sun 11	Singapore	sun 11	Ulaanbaatar	sun 11	
				Moscow	sun 11	Singapore	sun 11	Vancouver	sun 10	
				Nairobi	sun 11	Singapore	sun 11	Vladivostok	sun 11	
				Paris	sun 11	Singapore	sun 11	Yokohama	sun 11	
				Perth	sun 11	Singapore	sun 11			
				Rangoon	sun 11	Singapore	sun 11			
				Seoul	sun 11	Singapore	sun 11			
				Singapore	sun 11	Singapore	sun 11			
				Stockholm	sun 11	Singapore	sun 11			
				Strasbourg	sun 11	Singapore	sun 11			
				Sydney	sun 11	Singapore	sun 11			
				Taipei	sun 11	Singapore	sun 11			
				Tokyo	sun 11	Singapore	sun 11			
				Ulaanbaatar	sun 11	Singapore	sun 11			
				Vancouver	sun 11	Singapore	sun 11			
				Vladivostok	sun 11	Singapore	sun 11			
				Yokohama	sun 11	Singapore	sun 11			

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